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NATIONAL POLICY AND ISSUES

SHAANXI: MA WENRUI'S REPORT TO CPC CONGRESS

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[Report by Ma Wenrui [7456 2429 3843] delivered at the Sixth Shaanxi Provincial CPC Congress on 10 April 1983: "Strive To Open Up a New Situation in Socialist Modernization"--passages within slantlines published in boldface]

[Text] Comrades:

Now, on behalf of the Shaanxi Provincial CPC Committee, I present a report to the sixth provincial CPC Congress.

//I. A Review of History and the Tasks for the New Era//

Twelve years have passed since the fifth provincial CPC congress was held in the spring of 1971. In this period, our province, as well as the whole country, suffered from turmoil in the "Great Cultural Revolution" and took part in the struggle to smash the Lin Biao and Jiang Qing counterrevolutionary cliques. Since the 3d Plenary Session of the 11th CPC Central Committee, we have fulfilled the task of straightening out guiding ideology, achieved a great historical turning point, and entered a new period of development in socialist modernization.

Shaanxi is a province which suffered heavily from the 10 years of turmoil. The Lin Biao and Jiang Qing counterrevolutionary cliques exerted their control over Shaanxi. Kang Sheng venomously slandered the party organizations, party members and cadres of Shaanxi Province. Some individuals who threw in their lots with these cliques did many evil things in the 7 years they wielded power over Shaanxi. Adhering to an incorrect political tendency, the principal responsible person of the provincial CPC committee committed a series of serious mistakes in his work, thus causing heavy losses to the party organizations and various work in the province, and brought untold suffering to the vast number of party members, cadres and the masses. Several hundred thousand cadres and people were picked out and struggled against. More than 2,000 party and government cadres were tortured or persecuted to death. The majority of the members of the standing committees of the first four provincial CPC committees after the founding of the PRC were denounced as "traitors," "secret agents," "sworn followers of Peng [1756], Gao [7559] and Xi [5045]" and "diehard capitalist roaders." The majority of leading cadres at different levels were slandered as "class enemies." Many intellectuals were wrongly denounced as "monsters

and devils." All public security organs were abolished. A great number of laboring people were wrongly classified as Landlords and rich peasants. The vast number of party members, cadres and the masses steadfastly boycotted and fought against these perverse acts of the Lin Biao and Jiang Qing cliques and their followers. The "outline of the minutes of Shaanxi provincial CPC committee report meeting" drawn up under the guidance of Comrade Zhou Enlai in 1971 criticized bourgeois factionalism, anarchism and the extreme leftist ideological trend. In 1975, when Comrade Deng Xiaoping was assuming office in the CPC Central Committee, a series of important meetings were held and consolidation was begun in various fields. All these acts were strong encouragement and support for the party organizations at all levels and party members in Shaanxi Province.

The fifth provincial CPC congress was held during the 10 years of turmoil. Manipulated by a bunch of people, this congress violated our party's principle of democratic centralism, went against the will of the vast number of party members, seriously distorted the history of Shaanxi, and put forth a series of "leftist" guidelines, slogans and measures to comprehensively implement the reactionary theories and policies of Lin Biao and the "gang of four." The ideological, political and organizational line of this congress were all wrong. It had the following main features: In the ideological field, these people opposed the work method of proceeding in everything from the actual situation and urged the carrying out of an endless antirightist struggle, preaching that "the antirightist struggle is our general orientation throughout the socialist historical period" and asserting that "there was a rightist and restorationist force in Shaanxi." In the political field, they fabricated a lie, voicing that there were "three black lines" in Shaanxi, namely, the force of Hu Zhongnan, that of "Peng Gao and Xi" and the underground party; it slandered the party's and government's leading organizations in the past as a "counterrevolutionary cabal" and went all out to promote a feudalist and fascist "overall dictatorship." In terms of organization, they formed cliques and factions, replaced the party with their cliques, and discriminated their own faction from others; they depended on a bunch of followers for persecuting the vast number of cadres and masses. In the economic field, they substituted class struggle for production, egalitarianism for the principle of distribution according to work and exchange at equal value, gave arbitrary directions and "eliminated the remnants of capitalism."

Since the 3d Plenary Session of the 11th CPC Central Committee, the provincial CPC committee has repeatedly criticized and straightened out this wrong line upheld by those people. We made a relatively systematic summation on the occasion of the 30th anniversary of the PRC. The provincial CPC committee has issued separate documents to reverse the slanders that those people imposed on the Shaanxi Party organizations and cadres, and on the work in Shaanxi. Here, it is necessary to solemnly declare that all slanders and attacks on Comrades Peng Dehuai and Xi Zhongxun and other leading comrades, and those so-called charges that the Shaanxi underground party organization was "seriously impure," that the first four provincial CPC committees after the founding of the PRC had "recruited deserters and traitors," that "the land reform and the movement to suppress counterrevolutionaries in Shaanxi were far from thorough," and so on, were completely a reversal and distortion of historical facts. All these lies must be reversed and clarified.

Historical facts proved that the Shaanxi party organizations, including the underground party organizations, had a glorious revolutionary tradition and a history of struggle; the Shaanxi provincial CPC committees prior to the "Great Cultural Revolution" were loyal to the party, the people and the socialist cause; and the vast number of party members, cadres, masses and the army in Shaanxi have made tremendous contributions in the various periods of revolution and rehabilitation.

After the smashing of the "gang of four," the masses were in royal spirits and longed for the restoration of order. However, since the principal responsible person of the provincial CPC committee at that time covered up these cases for nearly 2 years, refused to implement the policy to rehabilitate those cadres who had been framed, and upheld his "leftist" practices in the economic field, the province witnessed setbacks in its operation to set to right things which had been thrown into disorder. Since the CPC central authorities issued the document calling for solving the problems of Shaanxi Province in August 1978 and, in particular, since the 3d Plenary Session of the 11th CPC Central Committee, our province's work has been really carried out on the right track.

It is in the last 4 years since the 3d Plenary Session of the 11th CPC Central Committee that we have gone all out to set to right things which had been thrown into disorder. Under the correct leadership of the CPC Central authorities, the party organizations at all levels, the vast number of party members, cadres and the masses in Shaanxi Province have done a lot of valuable work. Consequently, the province has witnessed prominent historical changes in the political and economic situation.

First, the practical and realistic ideological line has been resumed and carried forward. We achieved this, which was by no means easily won, in eliminating the long-standing influence of doctrinairism and personality cult. For a time, the discussion on the criterion for truth was ignored in Shaanxi, as the principal responsible person of the provincial CPC committee at that time held it up. After the 3d Plenary Session of the 11th CPC Central Committee, the provincial CPC committee tried in good time to mend its pace in the discussion, focusing its attention on redressing the ideological orientation of the leading groups at all levels; on breaking down the conventions of "two whatevers;" on understanding the scientific system of Marxism-Leninism-Mao Zedong Thought accurately and in an overall perspective; and on setting up a firm concept of proceeding in everything from reality, integrating theory with practice, being practical and realistic, and justifying and developing truth in practice. This discussion, and later, the drive of widely and thoroughly studying the resolution adopted by the 6th Plenary Session of the 11th CPC Central Committee, enabled the leading cadres at all levels to deepen their understanding of the spirit of the 3d Plenary Session of the 11th CPC Central Committee and strengthen their consciousness in emancipating the mind and using their brains to study new circumstances and solve new problems, and thus laid the ideological foundation for continually eliminating the "leftist" influence and implementing the line, principles and policies of the CPC Central Committee. On the other hand, in order to prevent the onesidedness which easily dominates people's thinking in face of a historical turning point, and the reemergence of the once-existing tendency of liberalization which inclined to negate the socialist road and the party's leadership, we launched a drive to educate the people to adhere to the four basic principles.

Second, a political situation of stability and unity has emerged and has been consolidated. We have achieved this mainly by correcting our pace in exposing, criticizing and investigating counterrevolutionary activities; by reversing unfair, false and wrong verdicts; and by strengthening socialist democracy and the socialist legal system. Since our pace was held up for a while after the smashing of the "gang of four," we had to spend quite a lot of energy to correct our pace in exposing, criticizing and investigating those counterrevolutionary cases after the 3d Plenary Session of the 11th CPC Central Committee so as to remove all obstacles to shifting our focal point of work. Although we had lagged behind in our work in the previous period, we still achieved remarkable success in making it up later. Through this struggle, we thoroughly exposed and criticized the criminal activities of the Lin Biao and Jiang Qing counterrevolutionary cliques and their agents in Shaanxi province, ferreted out the ties between their different factions in the province, and thus destroyed this reactionary political force which had caused heavy losses to the people. Some 2,300 important cases occurring in the province during the "Great Cultural Revolution" were basically reinvestigated, and a series of important historical issues were solved one by one. And now, after a preliminary consolidation, the leading groups at and above the county level are basically under the control of cadres who are politically reliable. As a result, the 10 years of turmoil have been fundamentally terminated.

At the same time, we seriously and conscientiously reinvestigated and resolutely reversed a great number of unfair, false and wrong verdicts which had not been solved in the past. To be practical and realistic and not to tolerate any mistake is a consistent guideline for our party. All mistakes committed in the past should be corrected. To reverse all unfair, false and wrong verdicts means to readopt this guideline, and to set to right things which had been thrown into disorder, in the ideological and theoretical fields and with regard to political line and policies. We have done a lot of arduous and meticulous work so far, reinvestigating some 330,000 cases of various nature occurring during and after the "Great Cultural Revolution," of which more than 190,000 cases, which proved to be unfair, false and wrong, were reversed. We also removed the labels from those people who had been classified as rightist elements in the past and rehabilitated all those who had been wrongly labeled as rightist elements. The status of some 60,000 laboring households which had been classified as landlords and rich peasants was changed. The labels stuck on more than 110,000 landlords and rich peasants were removed as they had been participating in productive labor and observing the law for many years. While announcing that former industrialists and businessmen had already been transformed into laborers, we also discriminated some 15,000 peddlers and handicraftmen from bourgeois industrialists and businessmen. We have also upheld the policy toward intellectuals, the policy of nationalities, the religious policy, the policy on Overseas Chinese affairs, and the policy toward those former KMT personages who revolted and crossed over, all being policies which were laid down by the party. The party's united front work organizations, CPPCC's, and the organizations of various democratic parties have also been restored and strengthened. All these acts have effectively mobilized the initiative of various circles and strengthened the unity among the people.

To gradually strengthen socialist democracy and the socialist legal system means to eliminate all disgusting phenomena, such as anarchism, bourgeois factionalism, extreme individualism and the practice of wantonly violating democracy and the legal system, which had prevailed in the 10 years of turmoil. In the last few years, the provincial, municipal, county and district people's congress system has been strengthened, and standing committees of people's congress have been set up. The system of the staff and workers' congress under the leadership of the CPC committee has been preliminarily implemented in industrial and mining enterprises. Political and legal organs at all levels have been widely restored and strengthened. With regard to social security, along with the implementation of the guideline of overall consolidation, some active criminals who seriously endangered social security were rigorously and promptly suppressed by law. Meanwhile, we have devoted more effort to educating, persuading and redeeming juvenile delinquents. We have waged struggle against serious criminal activities in the economic field since last year. At present, social security throughout the province, in particular that in cities and towns, has been improved markedly. This is really a strong guarantee for the emergence and the development of a political situation characterized by stability and unity.

Third, the guiding ideology for economic work has been redressed and clearly defined. "Leftist" practices were the major mistakes which we had made in the field of economic construction since the founding of the PRC. Having shifted our focal point of work, we are now faced with the grave tasks of summing up historical experience, sweeping away the "leftist" influence and redressing our guiding ideology. If we fail to fulfill these tasks, we will not be able to smoothly carry out our modernization plan. In the progress of the masses' practice under the leadership of the CPC central authorities, we are becoming more and more conscientious in solving this problem. The provincial CPC committee and the party committees at all levels have taken a series of measures. In rural areas, we have begun to restore the economy, adopting more and more relaxed policies, enforcing various forms of the system of contracted responsibility with payment linked to output, drawing up and implementing the guideline for agricultural production which fits the local conditions of northern Shaanxi, southern Shaanxi, Guangzhong and other different areas, and readjust the internal structure of agriculture. In the industrial front, we have attached importance to the readjustment of its organizational structure and its composition of products, vigorously promoting the light and textile industries, increasing the production of daily consumer goods, actively adjusting the service orientation of the machine building industry, and pushing the national defense industry to produce products for civil use as well as military products. On the other hand, we have trial-implemented the expansion of enterprises' self-decisionmaking, and have carried out the economic responsibility system and started overall consolidation in enterprises. In the field of commerce, in recent years, as we have helped a number of collective commercial enterprises and individual industrial and commercial households to start business, the number of individual industrial and commercial households in urban and rural areas has risen again to the level in 1957; some state-run commercial enterprises, by trial-implementing the system of contracted responsibility for management, have managed to reduce intermediate links in commodity circulation and are setting up new circulation channels. In the overall economic work, we have stressed the key role of the improvement of

economic results and have attached importance to technical transformation, the reducing of consumption, the increasing of labor productivity, the improvement of product quality and the increasing of designs and variety of products. As a result of our effort in constantly correcting "leftist" mistakes and redressing our guiding ideology for economic work, the province's national economy has been rapidly rehabilitated and developed. Last year, the province's total industrial and agricultural output value amounted to 17.62 billion yuan, an increase by 12.9 percent over the previous year and also the highest growth rate witnessed in these years. The total grain output was 18.5 billion jin, the highest output recorded in history and a net increase by more than 3 billion jin over the previous year. The total cotton output was 2.51 million dan, an increase by 100 percent over the previous year. Forestry, animal husbandry and sideline production reaped an overall high yield. The light and textile industries have been growing steadily, while the production of heavy industry, including the machine building industry, has been rising at a fair speed. There was new development in communications and transport. The rural and urban market and country fair were prosperous, and both purchase and sales were brisk. An excellent situation which had seldom been witnessed since the founding of the PRC has emerged in the province. Practice shows again and again that in order to build socialism with Chinese features, we must resolutely cast off the yoke of "leftist" thinking and handle everything in a down-to-earth manner according to objective economic law.

Fourth, under new circumstances, education, science and culture have been restored and developed. We gave up the wrong slogan of "taking class struggle as the key link," redressed the wrong contemptuous tendency toward modern science and culture, restored and carried out the correct principle of "letting a hundred flowers blossom and a hundred schools of thought contend," and set education, science and culture as the important content of socialist spiritual civilization. All these new matters which amazed the people have helped to open up a new road for cultural work in the new period. Some 30 institutes of higher learning and a number of technical secondary schools which had been at a standstill were restored and developed. The primary and secondary education system which had been thrown into disorder were brought onto the right track again through consolidation. Some vocational schools were restored and some new ones were established. Education through television, broadcasting and correspondence and sparetime education were developed. We have also organized scientific units concerned to cooperate in tackling some key technical problems brought about by industrial and agricultural production, and have done a good job in spreading scientific and technical knowledge and popularizing the results of scientific research. We have achieved great success in the work of family planning. Cultural and artistic activities have been gradually enlivened. And there have been new developments in such fields as sports and physical culture, public health, journalism, publication, broadcasting, television, external affairs and tourism.

The "five stresses and four beauties" began to win the support of the people, and initial success in the building of spiritual civilization has been achieved. A vast number of "five good families," advanced work teams and villages of unity and harmony have emerged. Large and medium-sized cities have achieved remarkable success in the drive to keep the cities clean and in good order and improve service standards. The good deeds of advanced units and advanced

individuals including Lui Jianfu, Zhang Hua, Shao Xiaoli, Ma Junyou, Mai Yajun and so on convincingly show that communism is not only a lofty ideal but can be a real practice as well.

Fifth, we have achieved initial success in consolidating and improving party style and party discipline. Because of the grave influence of the 10 years of turmoil, we were faced with two prominent and serious problems: one was the disunity, inefficiency and impurity of leading groups, and the other was the unhealthy party style. The masses longed for a change in this status quo. Since the 3d Plenary Session of the 11th CPC Central Committee, in upholding the "guiding principles for inner-party political life" as our guideline, we have devoted great effort to the consolidation of party style and discipline and the restructuring of leading groups at all levels. First of all, we have cleared away once and once again the "three types of people," and have basically solved the problems concerned in most units at the provincial, prefectural and county levels. We have paid attention to electing and promoting excellent young and middle-aged cadres, and widely carried out an educational drive on the line, principles and policies of the party among some 1.2 million party members. We spent more than 1 year in investigating cases concerning inappropriate practices of some leading cadres in the recruitment of staff and students, the transferring of residential registration and the distribution of houses, and have handled and taken remedial measures for most cases.

Being satisfied with these initial changes, the masses said: "After all, they are communists!" Thus it can be seen that there is much hope for the improvement of party style.

Sixth the livelihood of our people has been relatively greatly improved along with the development of production. One of the important problems that it is necessary to solve in the course of readjustment is to clarify that the goal of socialist production is continuously to satisfy the people's demands in their material and cultural lives, to fix a rational proportion between accumulation and consumption in the manner of seeking truth from facts and correctly implement the basic principle of "people should first be fed and then will be able to carry out construction. Since the 3d Plenary Session of the 11th CPC Central Committee, the state has adopted many kinds of measures such as readjusting the wages of our staff and workers, raising the purchase prices of agricultural and sideline products and opening up diversified channels to provide job opportunities and have thus markedly improved the people's livelihood. Over the past 4 years, 875,000 people in the urban areas of our province have been provided with jobs. More than 10 million square meters of housing has been newly provided for our staff and workers. The total amount of wages of the staff and workers in our province in 1982 was 46 percent more than that in 1978. The total amount of bank deposits of our urban and rural people has increased by 160 percent. Our peasants' per capita annual income in 1982 was 85 yuan more than in 1978, an increase of 62 percent. In northern Shaanxi, we have already solved the problem of shortage of food and clothing and more than one third of the peasants there have moved into their new houses.

In short, the past 4 years have been an uncommon period and a period in which we have advanced from victory to victory through bringing order out of chaos.

Of course, we must also see that we still have some shortcomings in our work. The efficiency of our economic work is not high and even if our economic indexes are lower than the national average. We have not brought about a radical change for the better to our party work style, people's masses and the general mood of our society and there are still some problems in our public security work. There are still many shortcomings and defects in the leading ideas and methods of our provincial CPC committee. The main shortcomings are: During the new historical period, it fails to fully anticipate its mind, lacks adequate courage to carry out the reforms and the creativity in developing its work, fails to sufficiently study and sum up some new situations and experiences and fails to fully carry out actual measures, pay close attention and bring about quick results in dealing with some affairs that it has already been sure of the ways to handle. In implementing the all-round responsibility system in our rural areas, we have undergone a process of practice and cognizance. For a time, because of our lack of sensitivity and because of much hesitation, we were slow in carrying out the implementation. As for the development of consumer goods industry, we made some investigations and issued some decisions the year before last, but our work of organization has failed to catch up and as a result, there has not been much change in the features of the backward sections.

Comrades: the task of this provincial CPC congress is to sum up, under the guidance of the spirit of the 12th National CPC congress, our work since the fifth provincial CPC congress, particularly since the 13th Plenary Session of the 11th CPC Central Committee, define our province's policies and tasks during the new historical period and mobilize the CPC members and masses of people throughout our province to strive for the creation of an overall new situation in our socialist modernization. The practice of bringing order out of chaos in the past 4 years has already opened up the way for us to create a new situation. Now we must continue our efforts on this basis, regard reform as one of the important guiding ideas in leading our modernizations and as a guiding idea that permeates the whole process of our modernization and resolutely and systematically carry out the reform. We should regard the questions of whether or not it is favorable for building a socialism with Chinese characteristics, of whether or not it is favorable for the prosperity of the state and of whether or not it is favorable for the well-being and happiness of our people as the criteria for judging whether or not our various undertakings of construction have been carried out satisfactorily and whether or not our various kinds of work of reform have been carried out properly. In the coming 5 years, in carrying out our economic construction, we should grasp the major aspects, satisfactorily carry out the reform, strive to bring a radical turn for the better to our financial and economic situation and gradually lay the foundation for a flourishing economy. We should vigorously promote the construction of socialist spiritual civilization, continue to perfect socialist democracy and the socialist legal system and actually bring a radical turn for the better to the general mood of our society. We should do a good job of party rectification in a planned and systematic manner, augment our party's combat effectiveness, achieve a radical turn for the better in our party work style and thus guarantee the smooth progress of our socialist construction.

//II. Building a Good Foundation for Invigorating the Economy and Doing a Good Job in Economic Reforms//

While visiting Shaanxi last year, Comrade Hu Yaobang asked us to further emancipate our minds, conduct bolder reforms and strive to slightly exceed the target of quadrupling the gross output value in 1980 of industry and agriculture of the whole province by the end of this century. This demand conforms with the desire of the people in Shaanxi and it is also possible for us to do so. Our province is relatively rich in natural resources and has quite favorable conditions for developing agriculture, light industry, textile industry, power industry and industries using nonferrous metals and nonmetals as chief raw materials. Since the founding of the country, the national economy has developed considerably.

Textile, power and machining industries have taken shape and the scientific and technical strength has also become relatively strong. A growth rate equal to and even higher than that required for slightly exceeding the target of quadrupling the gross output value was reached on many occasions since the founding of the country. Since the 3d Plenary Session of the 11th CPC Central Committee, we have corrected "leftist" mistakes and found a correct way for developing the national economy. This is the basic guarantee for quadrupling the gross output value. Of course, there are still many contradictions and difficulties and we must make arduous efforts before we can fulfill this task. We should have firm faith and struggle hard.

In order to attain the magnificent goal at the end of this century, the most important thing is to do a solid job in the first 10 years. We must make great efforts, readjust various relations, have priorities in our work, resolutely conduct reforms and enliven the economy so that we can lay a good foundation for invigorating the economy in the last 10 years. We must act according to the policies already formulated by the central authorities, effect a sharp turn in the guiding ideology for economic work and embark on a road along which we will proceed at a relatively more practical speed, achieve better economic returns and bring about more benefits to the people. At present, we must concentrate our efforts on the work in the last 3 years of the Sixth 5-Year Plan, continue to implement the policy of readjusting, restructuring, reorganization and upgrading, increase the economic returns, maintain basic financial, credit and material balance and strive to effect a fundamental turn for the better in the financial and economic situation. By 1985, the total product output value of the whole province will reach 24.73 billion yuan, which is 31.6 percent more than 1980, with an average annual increase of 5.6 percent. Of this amount, the gross output value of agriculture will be 6.5 billion yuan, which is 32.1 percent more than 1980, with an average annual increase of 5.7 percent. The gross output value of industry will reach 13.9 billion yuan, which is 31.3 percent more than 1980, with an average annual increase of 5.6 percent.

According to the conditions of our province, from now until the end of this century, we should regard agriculture, daily-use consumer goods industries, industries producing raw and semi-finished materials, power industry, communications, science and education as key points in developing the economy. We must further adjust the service orientation of the machine-building industry and actively carry out technical reforms in this industry. Defense industries

must adhere to the principle of combining the army with the people and give greater support to the development of local industries. We must attach importance to the exploitation of nonferrous metals and nonmetallic minerals. All this must be thoroughly investigated and studied and concrete plans for development and implementation must be worked out. At present, we must make clear and give a definite answer to the following questions: What is the level to which we need to and can possibly raise the national economy in our province during the first 10 years in order to lay a foundation? What economic departments, construction projects and products should we emphasize and concentrate our efforts on? How can we integrate the plan for developing the national economy with those for developing science and technology and for social development? Here, we would like to put forward some tentative ideas and general demands:

//We must continue to put agriculture in an important strategic position.//
At no time should we decrease grain production. In the meantime, we must make great efforts to develop a diversified economy and processing industry of agricultural and sideline products and to increase the ratio of commodities. We must strive to increase the total grain output to more than 20 billion jin (800 jin per capita in the rural areas). Under normal conditions, the total grain output should remain around 18.5 billion jin. The total output of cotton should exceed 3 million dan. We should also strive to bring about growth, by a big margin, of the diversified economy and commune- and brigade-run enterprises. To increase the output of grain and cotton, efforts must be made to promote capital construction of irrigation, conservation of water and soil, natural and organic fertilizer and breeding of improved seeds. During the Sixth 5-Year Plan, it is necessary to complete eight large and medium-size water conservancy projects which are under construction in Shitouhe and Donglei and a number of small projects in other places. It is necessary to increase sources of irrigation water, which will cover 2.9 million mu of land. Together with the existing water supply sources, these increased sources will provide each peasant 0.9 mu of irrigated land. By 1990, the province will accomplish the task of expanding three chemical fertilizer factories and transforming a group of small chemical fertilizer factories, thereby raising the capacity of producing synthetic ammonia to 600,000 tons. Meanwhile, efforts will be made to increase 1 million tons of phosphate fertilizer by exploiting the Hanzhong Phosphate mine and establishing the Shaanxi sulphuric acid factory. By that time, chemical fertilizer from each mu of land will increase to 120 jin instead of the present 48 jin. In addition, we must energetically develop green manure while stepping up the production of organic fertilizers. The province will gradually set up and perfect a system of popularizing good strains of seeds. It will greatly intensify water and soil conservation work to control the loss of water and soil erosion in a comprehensive way. The work of building shelter belts in "three norths" [0005 0554] and in northern Weinan Prefecture and the work of building combination of forest and field crops in plain areas must be carried on without delay. We must do well in building a basis for developing the production of tung oil, raw lacquer, walnuts, apples, red dates, tea, silkworms, woody oil crops and forest products. Within 5 years, the province will build 22 million mu of forest. At the same time, we must do our best to protect existing forests and strictly prohibit destructive felling of trees. We will continue our efforts to develop grain production as quickly as possible in the Guangzhong plain and the northern Shaanxi and to build the Weibei Plain into a grain base.

Shaanxi hilly land into another granary of our province. We will vigorously popularize the experiences gained in the Heyang area in dry land improvement, and the cultivation of good strains of seeds to promote farm production. We must treasure every inch of land and tighten control over house building on cultivated land. While expanding the production of industrial crops, we must make their geographical distribution more rational, and any misuse of farmland sown with grain is impermissible. We must energetically develop diversification to increase the total output value of agricultural production. In northern Shaanxi, stress must be placed on developing production of cashmere and lambswool; in central Shaanxi, developing the breeding of dairy goats; and in southern Shaanxi, the breeding of meat and draft cattle. We must speed up the development of the processing industry in sideline products, the fodder industry, embroidery, weaving, utilization of wild plants and exploitation of small mines. Great importance must be attached to the construction of mountain areas. We must seriously implement the spirit of the conference for developing mountain areas in southern Shaanxi so as to change the face of the area as soon as possible.

//Energetic development of industry for consumer goods of everyday use.// We must continuously carry out the decision of the provincial CPC committee and government on the development of production of industrial consumer goods, continuously implement the policy of the "six priorities," strive to exchange the relatively weak state of our province's light industry, and enable the textile industry, with a given foundation, to show new and relatively great progress. We must stress the development of foodstuffs, small commodities, arts and crafts, products for tourists, garments, woolen textiles, small industries such as knitting, printing and dyeing, plastic industry, new-type construction materials, chemicals for daily use attractive packaging and other lines. We must chiefly increase the production of new-type products, famous and quality products, products required by the countryside, durable consumer goods of medium and high quality, and export products. We must improve quality, add to variety, ensure the manufacture of the right products for the market, and increase competitiveness. We must take all these efforts as our fundamental guiding ideas and strive to create a new situation in the market for consumer goods of daily use.

//Playing close attention to the building of industries for raw and other materials.// In the first 10 years, we must reform, open up and newly build a number of large and medium-size industrial and mining enterprises, including the Shaanxi electrolytic aluminum factory, the Shaanxi plate glass works, and gold, silver, lead, zinc and other nonferrous metal mines in Tongguan, Yuehe, Fengxian and Zhashui. There must be a relatively big increase by 1985 in the production capacity for cement, tourmaline, caustic soda, soda ash, plate glass, rolled steel and other staple materials. This must be accompanied by still greater development by 1990. Thus, there can be a marked improvement in the backward state of our province's industries for raw and other materials.

//Actively develop energy industry.// The production of coal, electricity and petroleum must be steadily increased. The raw coal mining capacity is to be increased by some 3.4 million tons in the Sixth 5-Year Plan period. The electricity installed capacity will be increased by 2.8 million kilowatts by 1990.

The crude oil production will increase to 200,000 tons by 1985. The use of coal and marsh gas will be actively popularized in rural areas, and small-size hydroelectric power stations will be built in light of the local conditions.

//Make every effort to change the backward situation in communications and transport.// Railway transport is one of the major factors dominating economic development in our province. In the first 10 years, we must speed up our pace and try by every means to achieve improvement. In the Sixth 5-Year Plan period, we will repair the feeder railway between Dongpo and Hanjing and reopen it to traffic, resume the building of the Podi-Qinjiachuan section of the Xian-Yanan railway, and complete the initial phase of the building of the two trunk lines linking Xian to Ankang and Sanyuan to Zhongwei and the section linking Qinjiachuan to Qilizhen. The rebuilding of the existing railways and highway will be speeded up so as to increase transport [garbled passage]. areas will also be speeded up so as to link all communes with roads.

//Vigorously promote science and technology and education.// In the Sixth 5-Year Plan period, we will have to devote our main effort to tackling the key problems in agricultural production, the food industry, the light and textile industry, the exploitation and saving of energy, the mining and exploitation of raw materials, the machine-building industry, the electronics industry and lately developed technologies, as well as to popularizing the application of 44 important technological results. Every trade must plan its own scientific research projects, conscientiously engage in scientific research and then actively popularize their research results. By 1985, the enrollment of colleges and universities will be 68,900 students, 29.4 percent increase over 1980 figures; the number of graduate students will be 2,400, an increase of nearly 230 percent. At the same time, various types of technical secondary schools must achieve a fair development in the near future to keep in line with the needs of modernization.

//To increase production we must exert strict control over population.// Production and population are the two correlative key links which can never be neglected in order to fulfill the goal of a "comparatively well-off economy" by the turn of the century. Our province's total grain output has almost doubled in the last 30 years since 1953. However, because the population has also increased at a comparable speed while the area of cultivated land has decreased remarkably, the grain output per capita has failed to increase by a wide margin. The period from the late 1950's to the early 1970's witnessed a high birth rate in our province. Now that the babies born in this period are entering the child-bearing age, this new high tide of births will last until 1997. In the last few years, the natural population growth rate has risen again, while the percentage of families applying for single-child certificates has drastically dropped. These circumstances show that the task to keep population growth under control is extremely important and arduous. The CPC committees and the governments at all levels must attach equal importance to material production and birth control, devote extra effort to family planning work and we should never lower our guard against it. We must resolutely take measures to deal a strong blow at the criminal acts of harming baby girls and maltreating their mothers. We must bring the rising trend of population growth under control in the Sixth 5-Year Plan period, and keep the province's

population below 31.4 million people by 1990 and 34 million people by the turn of the century. Only with this task accomplished can we raise the people's standard of living on the basis of production being quadrupled by the turn of the century.

In order to stress the essentials and lay a solid foundation, it is necessary to adopt a series of concrete measures and conduct a great deal of painstaking work. The key is to earnestly sum up the historical experience of all fronts and departments, continue to eliminate the influence of the "left" deviation and carry out reform in a resolute and orderly manner. We must overcome the ideas of being content to remain mediocre and inspire our spirit to advance ahead. In the near future, we must do particularly well the following reform and work in the economic sphere:

1. Further readjust and consolidate well the enterprises with the reform spirit.

To consolidate enterprises means to carry out comprehensive administration over enterprises. This is the most important basic work for quadrupling our economy. Within the next 3 years, we must continue to consolidate all the industrial and commercial enterprises. The hallmark for consolidation work lies on whether we have properly done the various basic work of operation and management. We must do a good job in the following three aspects: First, structural reform. Overstaffed administrative organizations must be simplified. The members of enterprise leading bodies should be capable, young and possess modern scientific and cultural knowledge. Chief leading posts of enterprises should be held by outstanding comrades who have the ability to create a new situation. Second, establish and perfect the various management and operation systems, including management on planning, quality, finance, material, production and science and technology, which must have strict rules and regulations and earnestly be put into effect. There has been no cost accounting or fixed quotas for production in a number of enterprises. Their products are outdated, which caused serious wastage. Such an abnormal state should not be allowed to carry on any longer. Third, the implementation of the economic responsibility system. We must resolutely break with the "big public pot," get rid of egalitarianism and eliminate the phenomenon of nobody being responsible. It is necessary to implement responsibility to every office, group, worker and management personnel. In the course of consolidating the enterprises, we must conscientiously consolidate the party's basic organizations and do a good job in rectifying the party and work style so as to strengthen the party leadership.

It is essential to stress the key point in carrying out enterprise consolidation. The key of the whole province is to properly grasp the consolidation of 40 large and medium-size industrial enterprises. The output value of these 40 enterprises amounted to 31 percent of the total industrial output value of the whole province in 1982. The proportion of taxes and profits delivered was even larger, of which the taxes and profits of 35 enterprises of the provincial, prefectural and city levels made up half of the revenue of the whole province. Provided the consolidation of these 40 enterprises is done well, it will play a decisive role in the economic development of our province. In carrying out enterprise consolidation, all prefectures, cities and trades should also have their own key points.

Close attention should be paid to enterprises that have suffered losses, particularly to those that have incurred serious losses. Last year, there were 38 local industrial enterprises that incurred a loss of over 500,000 yuan each, of which the amount of loss incurred in the 14 enterprises of the coal and metallurgical system made up 73 percent of the total losses incurred in the local industry of the whole province. The departments responsible for the world should be instructed to adopt practical measures to help the enterprises carry out consolidation and urge them to transform the aspect of their enterprises within a specified time, so as to turn losses into gains. If the enterprises cannot be transformed within the given date, the chief leader must be removed from his post and must not be transferred to another unit to hold a similar post.

While doing a good job in enterprise consolidation, it is necessary to adopt appropriate measures and further readjust the organizational, product and technical structure of the enterprises, so that it will become more rationalized.

2. Substitute taxes for profits and promote the attainment of better economic results.

The implementation of substituting taxes for profits in state enterprises is an important reform in the economic management system. The fundamental principle for carrying out this reform is: It should be favorable to the establishment and perfection of the economic responsibility system in enterprises, to further enlivening the economy and promoting the attainment of better economic results; and should also be advantageous to the correct handling of the interests between the state, enterprise and worker, so that the state gets the greater amount, the enterprise gets the medium amount and the individual gets the smaller part, and ensure the steady increase of revenue. This reform must be carried out in two stages. First, we must levy a certain proportion of income tax on the profits gained by the enterprises, and then, according to the circumstances of the enterprises, rationally distribute in a variety of ways the surplus profits (after levying taxes) between the state and enterprise. Second, on the basis of the rational trend of the price system, we must levy a progressive income tax according to the amount of profits gained by the enterprises and also levy local taxes. At present, we must carry on with the first stage. The reform in this respect has an important bearing. The state has already drawn up the plan and we must be sure to implement it well. Party committees and governments at all levels should strengthen leadership and the departments of economic work at various levels should conduct meticulous work and implement it in each enterprise.

3. Abolish the "big public pot" and gradually practice the economic responsibility system.

The implementation of the economic responsibility system is an important component part of the reform in the economic system and an important measure to fully arouse the enthusiasm of the broad masses and to quadruple the economy. In the next few years while doing a further good job in the system of contracted responsibilities with payment linked to output in agriculture, we must gradually extend the responsibility system from rural areas to cities by conducting experiments and then extend it from agriculture to industry, commerce and all other fields.

At present, it is the central task for rural work to stabilize, perfect and improve the system of contracted responsibilities with payment linked to output. First, it must be stabilized. Once the responsibility system is set up, we must not go against the will of the masses and rashly change it. Second, it must be continuously extended. In the state agricultural, forestry, animal husbandry and fishery farms and the collective forestry, animal husbandry, fishery and other occupations, where the responsibility system is not practiced or perfected, the system of contracted responsibilities with payment linked to output must be established and perfected in various forms. In commune and brigade enterprises and some developing projects, the system of contracted responsibilities for manager (director) can be put into trial implementation. The system of personal responsibility for cadres and the technical contract responsibility system must be actively popularized. Third, it must be perfected and improved. While practicing the responsibility system, we must give consideration to the interests of the state, collective and peasants. In 1983 and 1984 we must practice the contract system throughout the rural areas of the whole province and reorganize the financial system, which must be regarded as the key link for perfecting and improving the responsibility system.

The economic responsibility system practiced in industry, commerce and all other fields in cities and rural areas must be vigorous and also reliable. We must fully estimate the complexity of carrying out contracted operation and management in all trades and professions in cities, conscientiously conduct experiments and sum up experiences, and not rush headlong into mass action. The enterprises of industry, communications and transportation, building, commerce, service trades and catering at the county level and below can be carried out first. The basic method is to pay special attention to the combination of responsibility, rights and benefits, persist in "giving consideration to the interests of the three integrations" and according to the state plan and market demand, work out the general objective of achieving better economic results in the enterprises, gradually classify and implement it at each level and strictly assess and clearly demarcate rewards and punishment, so as to arouse the creative spirit and sense of being masters of all the workers and staff to ensure the attainment of the general objective. While practicing the responsibility system in operation and management, close attention should be paid to protect the benefits of the consumers, prevent the inappropriate and excessive increase of personal income and prevent the practices of forcing up prices.

4. Reform the economic structure and develop the collective economy and individual economy in towns and country.

In order to quadruple our economy, we cannot merely rely on the state enterprises. While giving full play to the leading role of the state economy, we must go all out to develop the handicraft industry, industry, building, transportation, commerce, catering and service trades of the collective ownership in towns and country, go all out to develop commune and brigade-run enterprises, various kinds of specialized households, those engaged in specialized jobs and new economic combination in rural areas and also appropriately develop individual economy. The spirit of the conference on the collective-run industry

of towns and country held by the provincial CPC committee and government in October 1982 should be continuously carried out at all localities. In the entire economic work in the near future, we must give priority to the development of the collective economy. Industrial and commercial enterprises of the collective will be developed at the county level and below and no new enterprises of the whole people will be set up. We must not only widely open all avenues for the labor employment service of cities and towns, but also emphasize running and developing collective enterprises. All the practices that are indiscriminate or restrict, attack and swallow up the collective economy must be resolutely abolished and be substituted with policies and measures that support, lead, encourage and promote the collective economy. We must strive to exceed 2.7 billion yuan in the total output value of the collective industry (including brigade-run industry) of towns and country of the whole province, which will be 100-percent increase over 1980; and strive to reach 10.8 billion yuan by the end of the century, which will be an 800-percent increase over 1980. At the same time, we must also encourage individual laborers to engage in handicraft industry, retail commerce, catering, service trade, transportation, housing maintenance and other trades which suit the needs of the masses and where it is insufficiently or not yet run by the state and collective. The emergence of large numbers of specialized households and those doing special jobs in rural areas will be of great significance to the specialization and socialization of the rural economy and the development of commodity production. We must enthusiastically support and actively help the cooperative economy of the collective ownership of the laboring masses and the individual economy of the laborers, so that they may healthily develop. In running the various forms of economic combinations, the specialized households and those doing special jobs must adhere to the principle of proceeding from practice, voluntary participation and mutual benefit, and not act with undue haste and spoil things by excessive enthusiasm. In order to meet the rapid development of commodity production in towns and country, we must strengthen and promote the social service work in the fields of science, technology, economic information, supply, production, transportation, marketing and processing.

5. Reform the commercial system and enliven commodity circulation.

One of the sharp contradictions in the entire economic work is that the circulation channels are impeded. Therefore, it is a task of top priority to reform the present commercial system. The basic task of the reform is to gradually establish an open circulation system that has less links, with the state commerce as the leading factor and the coexistence of various economic forms, various operation methods and various circulation channels. The state wholesale departments should be rationally readjusted and installed in accordance with the location of economic regions. Cities and towns should become centers for collecting and distributing important goods and gradually become centers for the interflow of commodities. In light of their scale and characteristics, the state retail commerce, catering businesses and service trades should adopt different operation methods and practice the system of contracted responsibilities for management. The state commerce should not monopolize everything, although it is the leading and guiding sector in the socialist unified markets. First, we must control the large portion of important commodities that concerns the national economy and the people's

livelihood; second, we must energetically improve the service quality of state commerce; and third, we must guide, help and supervise the collective and individual commerce through the business links between the state commerce and the administrative management and state economic levers. Provided we fulfill the three requirements, our socialist unified markets will be enlivened and will not be in disorder.

It is necessary to accelerate the pace of reform on rural supply and marketing cooperatives. The basic guiding ideology for the reform is to resume the nature of cooperative commerce in the grassroot supply and marketing cooperatives, strengthen the mass character of its organization, the democratic nature of its management and the flexibility of its operation. It is necessary to extend the range of operation and field of service and gradually turn the grassroots supply and marketing cooperatives into an integrated center that serves supply, marketing, processing, storage, transportation and techniques. The former county supply and marketing cooperative should be turned into a joint organization of the grassroot supply and marketing cooperative. In 1982 we conducted the experiment in Hu County. The experiment involving 16 counties will also be appropriately carried out in the first half of this year and be popularized throughout the province by the end of this year.

We must continue to relax the policies for the purchase, sale and transportation of agricultural and sideline products. The variety for assigned purchase must be reduced. The contract system must be practiced in monopolized purchase, assigned purchase and negotiated purchase. We must permit and support the transportation and marketing of the third category of agricultural and sideline products and first and second categories after fulfilling the late quota (except cotton) in various channels. Provided the state decrees are observed and it is subject to market management, the means and distance of transportation and sale should not be limited. The production and sale of one's products or operation on a commission basis must be allowed. Retail selling or wholesale purchase and reselling at a profit is also permitted. We must encourage joint operation and also support independent operation by the individuals.

6. The structural reform of separating administration from commune and merging prefectures with cities must be appropriately carried out in an active and reliable manner and the leadership over economic work should be further strengthened.

The system of counties being under the jurisdiction of cities practiced in some economically developed regions is a successful experience of some of our neighboring provinces which has been proved by facts. In general, because the economy of various localities in our province is still underdeveloped and development is uneven, we cannot popularize it all at once. It must be understood that the fundamental purpose and requirement of this reform is to gradually practice the system of counties being under the jurisdiction of cities, with cities that have been economically developed as the center and the vast rural areas as the basis, so that the cities and rural areas are closely linked together. In this way, the superiority of both respects are given full play, each depend and support the other and it is advantageous to

unified leadership, overall planning and promoting the development of urban and rural economy and cultural undertakings. We must proceed from practice, adopt a variety of methods and gradually attain their requirement. Xian and Tongchuan can appropriately extend its suburbs and bring more counties under their jurisdiction. Xiayang and Hanzhong prefectures should be turned into cities and practice the system of counties being under the jurisdiction of cities. Weinan, Hancheng, Ankang, Yulin and other counties may be turned into county level cities like Yanan and certain economic integrated bodies must be established between cities and their neighboring counties. Our attention should be focused on developing the economy and creating conditions for turning prefectures into cities and counties into cities. We must transfer the enterprises in groups and by stages to cities in a guided and planned manner. In a word, by conducting meticulous work, we must gradually establish different types and a scale of leadership systems and economic networks of cities leading the rural areas in a step-by-step, energetic and appropriate manner, so as to be advantageous to the acceleration of the building of socialist spiritual and material civilization.

We must speed up and do a good job in the separation of administration from communes in rural areas. Principally, the rural organizational system must be set up and a rural party committee and people's government established at the commune level; and an administrative village and village people's committee must be established at the brigade level. The present communes and brigades and their agricultural, industrial and commercial enterprises must be regarded as a cooperative economic entity of the collective ownership of the labor masses and must exist independently. Every city and prefecture must conduct an experiment in a county in the first half of this year which will then be popularized throughout the province by this winter or next spring.

7. Earnestly grasp the technical transformation of the existing enterprises and persist in relying on scientific and technical progress to attain the task of quadrupling.

We cannot separate our modernization building from scientific and technical progress. Fundamentally speaking, we must rely on scientific and technical progress to quadruple our economy and achieve better economic results. Leading comrades at all levels should profoundly understand this truth and conscientiously be promoters in developing science and technology.

At present, one of the important tasks for developing production by relying on scientific and technical progress is to do a good job in the technical transformation of the existing enterprises. The focal point of transformation is to cut down the consumption of raw materials and energy resources, improve the quality and function of products and raise our products to a higher grade. We must select a number of trades, enterprises and products that have an important bearing on the economy of the whole province, work out planning and carry out transformation in advance. There is a considerable basis in mechanical and electronic industry in our province. Provided we do a good job in its technical transformation, we can create favorable conditions for the technical transformation of various departments of the national economy. During the Sixth 5-Year Plan period, we must lay stress on the technical transformation of the Xian Electric Power Company, Xian Instrument and Meter Plant, Xian Heavy-duty Machinery Research Institution and other enterprises and

research units directly under the province and the central authorities. We must strive to raise the voltage of the alternating current transmission and transformation installations to over 500,000 volts, so that some of the mechanical parts, electronic devices, large precision testing instruments and industrial furnaces and other products will meet the world standards of the 1970's and early 1980's.

At present, the main reason why advanced and applicable technology are not applied in many places of our provinces and the development of new products is too slow is that our management system and policies are irrational and unsuitable. Therefore, it is necessary to adopt various measures to reform the system and readjust the policies so as to ensure scientific and technical progress. From now on, we must regard the use of new technology and the increase of new products as important criteria for assessing the enterprises. The system of rewarding new products and technical innovation must be set up. Under the premise of stabilizing the prices, we must appropriately enlarge the quality price difference and practice high price for high quality and preferential prices for new products. The departments and enterprises at all levels must work out programs for developing new products and eliminating backward products, and through overall balance, respectively, bring them into line with the plans at various levels. The transfer of technology on a paid basis should be proposed. We must encourage and support the establishment of a scientific and technical integrated body composed of the institutions of higher learning and scientific research units and production enterprises.

8. We should vigorously increase our income and reduce our expenditures in order to overcome our shortage of funds.

Shortage of funds is a major problem in our province's economic construction. In order to solve this problem, we should mainly rely on developing our economy and raising our economic results. We should regard supporting the development of production, strictly practicing thrift and raising our efficiency as the basic guideline for our financial work. Our policies must be formed so as to be capable of encouraging all localities, departments and units to open up their sources of income, reduce expenditures and increase production, income and accumulation of funds; of mobilizing all the people to raise funds, concentrate their dispersed funds on the construction of key projects and on technical renovation; and of strengthening our management over financial expenditures, arousing people to pay attention to practicing strict thrift and encouraging them to do things in a thrifty manner. Those counties that have for a long time lived on the financial subsidies of the state should formulate concrete measures and policies in order to put an end to or reduce their dependence on state subsidies by stages and in groups. All enterprises with financial income should strive to increase income and reduce expenditures in order to increase the financial revenue of the state. Our inspection over the enforcement of financial discipline should not be restricted to giving verbal praises and criticism. We should award those who are prominent in observing financial and economic discipline and who have achieved merits in this aspect and punish those who are involved in any serious violation of financial and economic discipline. Under the prerequisite of protecting the legitimate interests of the various localities, departments and units, we should strengthen our work in managing and readjusting the funds not included

in our budgets, take them into account in our planning, and arrange the use of them in the manner of taxing the interests of the whole province into account. We should control our capital construction as strictly as possible. We should appropriately readjust the composition of our investment, conscientiously do the work in the initial period of construction and earnestly improve the results of investment. The funds for construction of some new enterprises and the expansion and technical renovation of some old enterprises can be raised through combining the financial resources of the state and localities, state-owned and collective enterprises, state and individuals and the collective and individuals. We can pay dividend to the collectives and individuals for their investment. We should give play to our bank's role in organizing funds and readjusting currency circulation, open up a greater source of funds for credit and satisfactorily manage the use of these funds. We should adopt some flexible methods and policies to further expand our external economic exchanges and strengthen our economic and technical cooperation with fraternal provinces, municipalities and regions. In expanding our external economic exchanges, in the near future we should satisfactorily do the following three things: strive to export more industrial and mineral products, mechanical and electrical products, agricultural and sideline products of traditional renown, handicraft products and replicas of cultural relics; conscientiously introduce appropriate advanced technology and effectively utilize foreign capital; and conscientiously develop export of labor and undertake construction projects from abroad. We should use our fraternal cities as channels to develop economic cooperation and strengthen scientific and technical exchanges with foreign countries. We should welcome fraternal provinces, municipalities and regions to invest and establish enterprises in our province or to establish joint venture enterprises with our province. We should provide preferential terms to invite some advanced units and professional experts to help some of our enterprises improve administration and management, teach them the application of advanced technology and help them develop new products. All sections, including industry, agriculture and commerce, should make joint efforts to open up a broader market for our province's products. Tourism is a comprehensive economic section and its development depends on the development of many trades and sections and can also promote the development of many kinds of trades and sections. Our province abounds in cultural relics and scenic spots, which provide a favorable condition for the development of tourism. We should formulate and carry out a general plan for the opening up of our province's tourism resources in order to promote the all-round development of industry, commerce, service trade, communications and urban construction.

//III. Construction of the Socialist Spiritual Civilization and the Education in Communist Ideology//

While building a high degree of material civilization, we should strive to build a high degree of spiritual civilization. This is one of the major strategic policies of the party. If we neglect the construction of socialist spiritual civilization and pursue only material interests, we will lack an ideal, a spiritual incentive and a fighting will and it will be impossible for us to build socialism with distinguishing Chinese features. Moreover, we may even go astray, develop in a lopsided manner and become degenerate. The party organizations at all levels, all fronts and all trades and sections in our province should pay great attention to the issue of building spiritual

civilization and give full play to its tremendously great role in promoting and ensuring the success in our socialist modernizations.

The construction of socialist spiritual civilization consists of two aspects: cultural construction and ideological construction. Its major task is to raise the moral level of all people and turn them into people with ideals, morality, culture and a sense of discipline, and at the same time to establish and develop a new type of social relations between people. This requires long-term steadfast effort. At present and for a time to come, we should first satisfactorily do the following things:

1. We should carry out cultural construction under the guidance of communist ideology. The popularization of education and the prosperity of science and culture are not only important conditions for the construction of material civilization, but are also of great significance in the formation of the lofty realm of thought and moral habits among the masses of people. Because of the shackle of the "leftist" ideology and the concept of small production, the erroneous idea of looking down at education, science and culture prevailed in our party for a long time. We must resolutely eliminate this idea.

Education is the foundation. In the final analysis, whether or not we can satisfactorily achieve modernization depends on whether or not we have a sufficient number of people with ability. The discovery, training and employment of people of ability is a vital major task for the future of our cause and nation. The task of our education is to train people of ability. We must really regard education as a key strategic task and make preparations for various construction tasks by training the necessary personnel beforehand. Schools of all kinds and at all levels must continue to implement in an all-round manner the party's educational policy, strive to raise the quality of our education and enable everyone who receives an education to develop morally, intellectually and physically in an all-round manner. We should increase our intellectual investment. In the future the rate of increase in educational investment should be greater than that in economic development. We should gradually readjust the proportional relationships between education and socio-economic development and between the education of various kinds and at various levels. By 1985, primary school education should be popularized in most areas in our province and before 1990, we should basically fulfill the task of popularizing primary school education throughout our province. We should strive to popularize junior middle school education in our urban areas by 1985. As for our middle school education, our main task is to continue to satisfactorily grasp structural reform and vigorously develop professional and technical education. We should speed up the progress of the reform in rural education. Except for a small number of full-time ordinary middle schools that we are to preserve, all other middle schools in rural areas should be turned into agricultural middle schools or various kinds of professional middle schools. Courses of professional techniques should also be universally given in rural ordinary middle schools. In our higher education institutes, we should conduct reform in their structures, management system of education and scientific research, logistic work and recruitment system. We should appropriately readjust the course offered in these institutes and enlarge the scale of recruitment of courses in urgent demand in order to train more professional personnel for the state and, in particular, to open up the path for

infusing personnel to the countryside. In developing education, we should adopt the policy of walking on both legs and run our schools in diversified ways. We should vigorously raise education for full-time adult cadres, staff and workers, and develop television broadcasting, correspondence and spare-time universities. We should do a good job of giving technical training to young staff and workers and help them to make up their missed cultural education. We should pay attention to the work of eliminating illiteracy from among our young people.

Science and technology is the key link. Economic prosperity must depend on progress in science and technology. Our scientific and technological work must cater to economic construction. In developing natural science, we should give priority to applied science and make it serve the development of production. We should formulate, as soon as possible, the technical development plans for our major economic sections, key enterprises and all our various areas centering on the strategic goal of quadrupling our economy. On the basis of these plans, we should determine an appropriate orientation of our technical development that is suited to the distinguishing features of our province. We should grasp some projects of great economic effect and match all our scientific and technical research projects into integrated sets. We should painstakingly organize this work and conscientiously implement the policies in order to ensure that we will score some achievements by concentrating our forces. In the area of social science, we should also strengthen research in applied science, develop the style of study of seeking truth from facts and strive to find answers for the new problems which cropped up in our modernizations. We should especially strengthen our research into the major problems related to the reform, our province's development strategy and spiritual civilization in order to make our social sciences serve the work in our province and contribute to the construction of socialism with distinguishing Chinese characteristics. We should readjust the structure of our scientific research and reform our management system. We should implement various forms of all-round responsibility system geared to scientific research in order to give full play to the initiative of our scientific research personnel. We should vigorously carry out activities to popularize science and technology among our masses of people.

Socialist literature and art is an important part of the construction of our spiritual civilization. Literary and art organizations should satisfactorily carry out reform and better adhere to the orientation of serving the people and socialism. Literary and art workers should continue to go deep among the masses of people and into real life in order to be able to create a larger number of works that reflect the features of our time and are full of artistic power in order to inspire people to forge ahead. We should vigorously develop spare-time sport and cultural activities among the masses and strive to establish, by 1985, a museum in nearly all of our cities, a library, cultural club and stadium in nearly all of our counties, a cultural center in nearly all of our townships (communes) and a club in nearly all of our factories. Thus we will enable our people to raise their ideological consciousness, foster good morality and values and become better educated in the process of pursuing proper recreation and hobbies. All cultural circles including press, publishing houses, radio and television broadcasting, sports and medicine, should score new achievements and create a new situation.

2. We should strengthen our ideological construction centering on education in communist ideology. For this, our chief task is to carry out education in communist ideology, help an increasingly large number of members of our society to foster a world outlook of dialectical and historical materialism, train the labor and work attitude of wholeheartedly serving the people and teach people to combine their personal interests with the interests of the collective and the state and to subordinate their immediate personal interests to long-term common interests. This kind of education must be carried out in light of the adherence to the current policies, such as distribution according to labor. In the coming 5 years, we should adopt all effective methods to popularize education in ideals, morality, discipline and the legal system among the people throughout our province, especially party members, youths and children. We should regard this as a basic measure for guaranteeing our economic development and bringing about a basic turn for the better in our party work style and the general mood of society.

In carrying out ideological construction, we should strengthen the party's ideological and political work. This is one of the fundamental ways to exercise our party's leadership. It is also an important guarantee for adherence to the orientation of the socialist modernizations and a powerful motive force to mobilize the broad masses of people to display their initiative and creativeness. During the current period of theoretical turning point, our ideological and political work is faced with particularly arduous tasks. Because of the serious negative influence of the 10 years of civil disorder in people's thoughts, or practical work, we must continue to bring order out of chaos and eliminate the influence of "leftism." At the same time, we should also prevent and overcome the trend of bourgeois liberalization. Because from now on, we will stress reform to destroy the old and establish the new, we will inevitably encounter all kinds of resistance. Because class struggle will continue to exist within a certain scope and because of the erosion of the old habits of private ownership and of the capitalist degenerate ideology from abroad, some people have been engaged in unhealthy practices such as "looking at everything in terms of money" and exploiting their power of office to get things done through influence. Some of them have even committed crimes. The struggle between the erosion of capitalist ideology and the counter-erosion of socialist ideology will continue for a long time. All this proves that we must strengthen our party's ideological and political work. Ideological and political work is still the lifeline of our economic and all other work.

In order to carry out ideological construction and strengthen our ideological and political work, we should again carry out study in the organizations of all trades and professions and at both the upper and lower levels. On the one hand we should strengthen education in the basic theory of Marxism-Leninism-Mao Zedong Thought. In the coming 5 years, all leading cadres at and above the county level, all cadres in the party, government of mass organizations at and above the county level and all cadres engaging in economic, theoretical and propaganda work should study, in a relatively systematic manner, some subjects such as the three parts of Marxism and the history of Chinese revolution. On the other hand, we should also make great efforts to master some indispensable modern scientific and professional knowledge and knowledge of the science of administration and management. Among our ordinary cadres and masses of workers and peasants, especially youths, we should also popularize,

in a planned manner, some basic common sense concerning politics and some cultural and scientific knowledge. At the same time we should often carry out education in the situation and tasks and in the party's policies and principles. We should continue to deepen and widen the publicizing and implementation of the spirit of the 12th Party Congress. In our rural area we should enable our broad ranks of peasants to have an all-round and deep understanding of the spirit of the 12th Party Congress and the party's various rural principles and policies centering on the key idea that our rural work should facilitate making our broad ranks of peasants rich as soon as possible. Thus we will imbue our peasants with the courage to become rich through labor and the idea of taking the interests of the state, collective and individual into account. In our factories and mines, we should closely combine education in the basic knowledge of Marxism with the ideological education related to various key tasks and mobilize the broad ranks of staff and workers to stand at the forefront of the reform and satisfactorily conduct production. We should incorporate our ideological and political work in all our economic activities and vocational work and all areas of the masses' lives in order to imbue our ideological and political work with a greater combat effectiveness, persuasive force and attraction. Vigorously citing typical advanced examples is a method of ideological and political work that has been proved by practice to be effective. We should continue to deepen in all trades and professions the activities of learning from Lei Feng and learning from such heroes as Luo Jianfu, Zhang Hua and Zhang Haidi, and through assessing and choosing fine party members, model cadres and advanced personages in all trades and professions should enable people to learn communism through practice. We should resolutely support and protect advanced people and earnestly correct the abnormal practice of isolating, attacking and interfering with these people. We should continue to deepen and broaden in an enduring manner the activities of "five stresses, four beauties and three loves." We should develop among urban and rural masses the activities of formulating various kinds of pledges, assessing and electing five-good families and civilized living quarters, holding weddings in a new style and jointly setting up civilized villages by the army and the people. We should oppose mercenary marriages, eliminate superstition and ban gambling. We should continuously promote the improvement in the general mood of society and establish a new prevailing socialist custom.

Our party committees at all levels should strengthen their leadership over the ideological and political work, overcome the trend of concentrating all energy on economic work while neglecting the party's political and ideological leadership and concentrate time and energy to satisfactorily do their ideological and political work. All departments of economic administration, propaganda, culture, education, organization, discipline inspection and justice and law and all the mass bodies such as trade unions, the CYL and womens federations should conscientiously do ideological and political work under the leadership of the party committees. We should form a magnificent contingent of ideological and political workers, carry on our party's fine tradition in doing ideological and political work, grope for new experiences in ideological and political work in the new period and create a new situation in our ideological and political work.

3. We should improve and strengthen our work related to intellectuals. During the new period of socialist modernization, the intellectuals play a particularly important role. Generally speaking, they are a part of the working class and are the part that has a relatively great mastery of modern science and culture and constitute a necessary intelligent factor for modernization. Without intellectuals, it will be impossible to build socialist material civilization, but intellectuals are even more indispensable for the construction of our socialist spiritual civilization. The 12th Party Congress stressed that we should "pay particular attention to giving full play to the role of our intellectuals." We should correct the currently emerging foolish and backward idea that we are not attaching an "excessively great" importance to and giving "much too high" a status to our intellectuals. We should also correct the erroneous practice discriminating against intellectuals. We should vigorously prepare public opinion for respecting knowledge and intellectuals.

Our province has a relatively strong contingent of intellectuals, but we have failed by far to give play to their proper role. Some localities suffer from a sharp shortage of personnel and others have a large number of personnel lying idle. Some of our scientific and technical workers are employed in posts that have nothing to do with their professional skill and a few of them even continuously received unjust treatment. This situation has given rise to a tremendous waste of personnel resources and is extremely detrimental to the four modernizations. In implementing the province's development plan and tackling scientific and technological problems, we should give first priority to actually solving the problem related to the management and employment of our scientific and technical contingent. The department of science and technology of the provincial CPC committee and the provincial science committee should closely cooperate with one another and gradually manage to rationally assign, transfer and employ our intellectuals in order to enable them to display all their abilities. Particularly, we should exercise unified management and concentrate and coordinate all strength to tackle some major scientific research projects.

We should continuously inspect and supervise the implementation of the party's policies related to intellectuals. The key to this is to make efforts to create the necessary working conditions for our intellectuals and give full play to their role in the construction of the two civilizations. We should vigorously cite the typical examples of fine intellectuals who have made contributions to the four modernizations. As for those intellectuals who have scored outstanding achievements, we should resolutely break away from the old conventions and promote them to important posts. We should continue to readjust the jobs of our scientific and technical personnel and manage to become good at discovering and employing people's abilities. We should enthusiastically help our intellectuals to consciously arm themselves with a communist world outlook. We should encourage and support them to go among the masses and into practice, particularly to rural and remote border areas, to display their talents and serve the people and socialism. We should satisfactorily arrange the lives of scientific and technical workers, and pay special attention to solving the problems related to the lives of middle-aged intellectuals. We should severely criticize and even carry out necessary struggle against the erroneous practice of stubbornly refusing to implement

our intellectual policies, being jealous of and oppressing people of abilities, wasting personnel resources and discriminating against and attacking intellectuals. In short, we should give full play to the initiative and creativeness of our intellectuals, enable their mental labor to closely cooperate with manual labor and continue to strengthen the unity between workers, peasants and intellectuals in order to enable them to jointly make greater contributions to socialist modernization.

IV. The Building of Democracy and the Legal System

To attain a high level of socialist democracy is one of our fundamental tasks and goals. It serves as an important guarantee for the building of socialist material and spiritual civilization. The most essential feature of our party's leadership over state life is to organize and support the masses of people in being the masters of their own affairs and in building a socialist new life with their own wisdom and strength. Since the basic completion of the socialist transformation of the means of production, particularly since the new period of socialist construction, changes have taken place in the relations among classes. The workers, peasants and intellectuals have become the three basic social forces in building socialism and most people of the former exploiting classes have been transformed into laborers who support themselves through their own labor. The ranks of people have grown in strength and the basis of the people's democratic political power has become broader. It is necessary for the leading bodies and cadres of the party and government at various levels to further deepen their understanding of the importance of promoting socialist democracy. They should regard the building of the socialist democratic system and democratic life as an important duty, conscientiously respect and safeguard the democratic rights of the people and rely on the masses of people in managing state and social affairs.

It is necessary to extend socialist democracy to the political, economic and cultural life as well as the various aspects of social life on the basis of the new constitution. We should concentrate on grasping two lines. One is to make great efforts to develop democratic management and mass autonomy at the grassroots level. All enterprises should vigorously institute the system of workers' congress, gradually institute the practice of electing leading cadres of enterprises by democratic means and conscientiously ensure the democratic rights of staff and workers. Neighborhood committees in cities should be reorganized and strengthened. The system of villagers' committees should be gradually instituted in the rural areas through experiments. The neighborhood and villagers' committees should be created through democratic election by the masses. Efforts should be made to give better scope to their role in organizing and mobilizing the masses in managing their own social affairs and public welfare. Another is to improve and consolidate the state system of the people's democratic dictatorship. It is necessary to strengthen the system of people's congresses so that people's congresses at various levels and their permanent bodies truly become the authoritative organs of people's power. Party organizations and government departments at various levels should conscientiously respect the functions and powers of people's congresses and their standing committees. The standing committee of a people's congress should be provided with a strong working body in order to carry out the various work following the expansion of its function and power. At the same time, it

is necessary to establish an equal relationship among men and a correct relationship between the individual and the society according to the principle of socialist democracy. It is necessary not only to ensure the just freedom and rights of the people but also to educate the masses to cherish and correctly exercise their democratic rights so that democracy can develop healthily.

Further consolidation and strengthening of the broadest patriotic united front constitutes a very important component in the building of socialist democracy. Party organizations and united front work departments at various levels should further carry out the party's policy of "long-term coexistence and mutual supervision" and the principle of "treating each other with all sincerity and sharing weal and woe" and pool wisdom and strength from various sources in order to serve socialist construction with one heart and one mind. It is necessary to energetically assist the people's political consultative conference in launching various activities and doing a good job in political consultation and democratic supervision. It is necessary to conscientiously respect the various democratic parties and other mass organizations and give them a free hand in independently carrying out work within the scope of rights and duties prescribed by the constitution. It is also necessary to strengthen our contacts and cooperation with nonparty and democratic personages and other patriotic figures.

The socialist legal system serves as a guarantee for socialist democracy. The legal system and democracy have always been an entity that cannot be separated. Attaining a high level of socialist democracy should be closely integrated with the improvement of the socialist legal system so that socialist democracy is institutionalized and codified into laws. It is necessary to resolutely safeguard the integrity of the laws and conscientiously observe and enforce the laws already enacted and fix responsibility for violation of laws. We should quicken our pace in building the legal system. Judging from the actual conditions in our province, in addition to continuously formulating and improving local laws and regulations, it is necessary to conduct systematic education in the legal system among all the people step by step in a planned way. At present, it is necessary to take the constitution as basic teaching material and conduct intensive education in the rights and duties of citizens, sense of law and legal knowledge among the cadres and masses in order to raise the consciousness of all the people in knowing, abiding by and safeguarding the laws. It is especially necessary to step up education among party cadres so that the broad section of party members understand that their words and deeds must be kept within the bounds of the constitution and laws and that under no circumstances does the party allow party members to enjoy any special privileges beyond the bounds of the constitution and laws. Only when party members take the lead in abiding by and safeguarding the legal system is it possible to effectively rectify the previous abnormal situations characterized by the "substitution of the laws with power" and the "substitution of the laws with one's words." At the same time, it is also necessary to strengthen the ranks and organs of political and legal work, conscientiously reorganize the leading bodies of the political and legal work organs at various levels, step up the training of political and legal cadres and personnel, conscientiously solve the outstanding problems in the ranks of political and legal work and improve their political and professional quality.

Achieving a fundamental turn for the better in the general mood of society is a fighting task of the whole party for the next few years to come. In recent years, the general mood of society in our province has taken a marked turn for the better. The incidence of criminal cases has dropped to some extent and the public security conditions in some places have approached the best historical level. However, the situations in most places have not fundamentally improved. In quite a few places, the social order is still unstable, sometimes good and sometimes bad. What merits our attention is that extraordinarily serious cases which endanger public security, people's lives and property have increased and that counterrevolutionary sabotage activities have intensified to some extent. The remnant elements of Lin Biao and the "gang of four" are still engaged in various activities. Reactionary secret societies have revived. Criminal activities in the economic, political and cultural spheres are still fairly serious. The whole party should make great efforts to achieve a fundamental turn for the better in the general mood of society.

We should correctly understand and handle the class struggle that still exists today. It is necessary to note that following the elimination of the exploiting class as such, most of the existing contradictions in society are not provided with the nature of class struggle and class struggle is no longer a major contradiction in our country. It is also necessary to note that class struggle has not died out, that it will still exist in a certain scope of our society for a long time and that under certain conditions, it will still possibly intensify. The class struggle at the present stage finds major expression in the struggle between the people and the hostile elements who deliberately sabotage and overthrow the socialist system in the economic, political and cultural fields. We should be mentally prepared for a long-term struggle.

Unswervingly leading in a deep-going way the struggle against grave criminal offences in the economic sphere constitutes a political guarantee for achieving socialist modernization. Although we have scored great achievements in this struggle in our province, its development is still uneven and there are still some spots as yet untouched by this struggle. It is absolutely necessary to foster the idea of long-term struggle. We should continue to concentrate our energy on investigating and handling major cases. It is necessary to remove all sort of interference and obstacles, overcome the slack mood and fear of difficulty and rely on the masses in ferreting out and bringing to light the underground criminals. We should make better use of typical criminal cases when conducting education in the struggle against corrosion among the cadres and masses.

It is necessary to bring into full play the function of dictatorship of the state of people's democratic dictatorship. While conscientiously guaranteeing the democratic rights of the broadest masses of people, the function of dictatorship of the people's democratic state should not be weakened. In this respect, the political and legal institutions assume an important responsibility. It is imperative to make full use of the legal weapon in our resolute struggle against the handful of hostile elements sabotaging the socialist system deal a serious blow at the sabotage activities of counterrevolutionary elements, special agents and spies and hit hard at the sabotage activities of the remnant forces of Lin Biao and the "gang of four." With respect to the criminal elements who seriously endanger public security, it is necessary to punish them in

accordance with the principle of strict and swift punishment. Under no circumstances should we be indifferent or softhearted toward them.

In improving social order, it is necessary to adhere to the principle of "comprehensive treatment" by integrating the special institutions with the broad masses of people and turning from passive into active "security." The various departments and units should extensively set up the public security responsibility system and fix the responsibility to individual persons. It is necessary to rely on various social forces and adopt various methods in conducting education in knowing the laws and abiding by them. It is necessary to strictly differentiate between the two types of contradictions and to be good at correctly handling the contradictions among the people. Efforts should be made to prevent the intensification of the contradictions and, as far as possible, turn negative factors into positive ones. We should strengthen education among the youths and adolescents, especially the work of helping and educating the youths and adolescents who have violated the laws or taken a wrong step in life, in order to prevent and reduce crimes. It is necessary to set up and strengthen the public security work and the civil mediation organizations at the grassroots level. By taking a series of measures and opposing and checking various unhealthy tendencies and unlawful acts, we can strengthen neighborly unity and family harmony, change the general mood and outlook of villages and streets and foster new socialist habits.

The army and the militia are a great steel wall defending the socialist motherland, an instrument of the people's democratic dictatorship and an important force in building socialist material and spiritual civilization. We should adhere to the various systems of the party's leadership over the army and militia, which have proved effective over the years. It is necessary to launch the "two supports" activity in a deepgoing way and further strengthen the unity between the army and the government and between the army and the people in order to ensure the smooth progress of the socialist modernization program.

V. Party Building and the Rectification of the Party and Work Style

Doing a good job of party building provides a fundamental guarantee for the victory of socialist modernization. In an effort to turn the party organizations at various levels throughout the province into strong cores for leading the cause of socialist modernization, it is necessary to set stricter demands on party members, increase the combat effectiveness of party organizations and adhere to and improve the leadership of the party in accordance with the requirements of the new party constitution as well as the features and needs of the new period. In the next few years to come, we should concentrate on doing the following tasks:

1. Resolutely carry out institutional reform to ensure that the ranks of the cadres become more revolutionary, younger in average age, better educated and more professionally competent.

As an important component of the entire reform, the institutional reform is the focal point of our party's work in 1983. In carrying out the institutional reform, our basic point of departure is to streamline the administrative

structure, reduce personnel, reorganize the leading bodies and improve efficiency in order to suit the features and needs of the new period of modernization drive. This is a profound revolution. We should assume a resolute attitude toward it and take an active part in it with reliable steps and careful work. The tasks in the first stage of the institutional reform of party and government organs at the provincial level have been basically completed. It is necessary to quicken the steps and further lead the reform in a deepgoing way. Efforts should be made to complete the institutional reform at the prefectural and city levels by the end of September. The institutional reform at and below the county level should be completed this winter or next spring.

Energetic selection and promotion of outstanding middle-aged and young cadres to leading bodies at various levels constitutes the core of, and the key to, the institutional reform. This refers to the selection and promotion of intellectuals who have stood the test of practical struggles over the years, including the cadres of worker and peasant origin who have rich practical experience and a fairly high cultural standard. In our province, there are a lot of outstanding specialized persons. Provided that we discard erroneous viewpoints, we can find cadres near at hand. We should adhere to the principle of appointing people according to their political integrity and ability. In seeking cadres, we should boldly adopt the method of democratic recommendation. We should adhere to the principle of appointing people according to their political integrity and ability, oppose the practice of appointing people by favoritism and watch out for and prevent factional interference. It is necessary to ensure political soundness, age limit and cultural standard. Efforts should be made to prevent the "five kinds of people" from sneaking into the leading bodies and those who have sneaked into the leading bodies should be resolutely removed without exception. A large number of outstanding middle-aged and young cadres, not a few of them, should be selected and promoted to leading bodies at various levels.

Doing a good job of the work toward old cadres who have retreated to the second and third lines has a strong bearing on the genuine cooperation between old and new cadres and the succession of the new to the old. The old comrades who have performed meritorious deeds for the revolution should proceed from the overall situation and enthusiastically help and support young men in shouldering heavy tasks. The comrades who have been newly promoted to leading positions should sincerely respect and care for the old cadres and learn from their noble characters and fine work style. The organization and personnel departments should make appropriate arrangements for and take good care of old cadres.

According to the stipulation of the party constitution, the current provincial CPC congress will bring forth through election provincial advisory and discipline inspection committees. Party committees at and above the county level should also bring forth discipline inspection committees with a number of old comrades serving as advisors. The CPC Central Committee has also decided to set up an advisory committee in Xian City. The establishment of the advisory and discipline inspection committees and the institution of the advisory system also constitute an important reform of party institutions. We must conscientiously do a good job of it in an effort to further strengthen party building.

Extensively training cadres in rotation and speeding up the training of competent persons constitutes a strategic task related to the institutional reform. Due to some historical reasons, the cultural standard of the cadres in our province is relatively low. It is therefore particularly necessary to pay close attention to the training of cadres in rotation. We should concentrate on training cadres at and above the county level, middle-aged and young cadres under 50 and cadres who have certain practical experience but low cultural standard. Great efforts should be made to run party schools well and to conduct regular training of cadres. It is necessary to bring into full play the role of colleges, universities and technical secondary schools in the training of cadres. Special efforts should be made to raise the cultural standard of a large number of cadres to that of technical secondary school or above after 2-3 years of study. At the same time, it is necessary to adopt various means to organize in-service training. Starting from this year, we shall select and assign a number of outstanding graduating university students every year for intensive training at the grassroots level. After training, the superior ones will be gradually selected for promotion to leading posts. In future employment and promotion of cadres, it is necessary to regard the record of formal schooling and actual cultural standard as important as working experience and practical working capability. It is necessary to attach importance to the training and promotion of female cadres and cadres of the minority nationalities.

2. Do a good job of party rectification and achieve a fundamental turn for the better in party work style.

Since the 3d Plenary Session of the 11th CPC Central Committee, the party committees at various levels in our province have done a lot of work in stepping up education among party members, reorganizing party organizations and rectifying unhealthy tendencies. The conditions of party organizations at various levels have markedly improved. The fine tradition and work style of the party is being carried forward and a number of outstanding party members have emerged. The relationship between the party and masses has been strengthened. The essence and principal aspects of the party ranks are good. However, it should be soberly noted that due to various reasons, the question of impurity in ideology, work style and organizations still exists within the party and the party work style has not taken a fundamental turn for the better. Judged according to the requirements of party members, a considerable number of party members are not wholly qualified and a few party members are entirely unqualified. Various unhealthy tendencies, such as political liberalism, ideological ultraindividualism, bureaucratic style of work and organizational sectarianism, exist in varying degrees among some party members and cadres. Under the new historical conditions, a small number of party members, unable to resist the corrosion of capitalist ideas, engage in the smuggling and selling of contraband, bribes, profiteering, speculation, swindling, graft and embezzlement. They have degenerated and have even taken the road toward crime. The existence of these problems corrodes the organism of the party, undermines the relations of the party with the masses, weakens the combat effectiveness of the party and seriously undermines its prestige. For this reason, strengthening party building, reorganizing party organizations and striving for a fundamental improvement in party work style as quickly as possible have indeed become a very pressing and important task of the party committees at all levels in our province.

According to plans drawn up by the CPC Central Committee, our province will begin to overhaul and consolidate party organizations and rectify the party work style stage by stage from the last quarter of this year. In the forthcoming rectification, it is necessary to take the new party constitution as criterion to remove impurities in ideology, style of work and organization composition. It is necessary to carry out profound ideological education in Marxism among all party members. The coming rectification must from beginning to end inherit and carry forward the Yanan rectification spirit. Through the rectification, party organizations at all levels and party members must earnestly implement the line, principles and policies laid down by the party during the new period, uphold the four basic principles and keep in step with the Central Committee. Ideologically, they must fortify their faith in communism and adhere to the party's sole purpose of serving the people wholeheartedly. In style of work, they must preserve and enrich the fine traditions of linking theory with practice. Keeping close ties with the masses, carrying out criticism and self-criticism and working hard. In terms of organization, they must stick to the principle of democratic centralism so that the activities of the party organization will again be imbued with this spirit. They must realize the historical position of our party as a ruling party and fill the mission that the people entrust them with. In a word, through the coming rectification, party members who are not up to the required standard must become qualified. Grassroots party units must be built into a powerful fighting force, and leadership groups at all levels must rouse themselves for various efforts to make our province prosper.

During the coming rectification we must conduct detailed investigation, carry out profound ideological education and experience extreme caution in taking disciplinary measures. That is to say; 1) We must make an intensive study and analysis of the actual situation and problems pertaining to party members and organizations. 2) We must carry out systematical education among party members so that all of them will be armed with a basic knowledge of the party and the fundamental tenets of communism and have a solid knowledge of party member's criteria. 3) We must seriously carry out criticism and self-criticism to solve pending problems. 4) All party members should be re-registered so that that party organizations will be able to make a check-up. 5) Leading bodies at all levels should be restructured with perfect regulations so as to improve and strengthen their functions of leadership.

The coming rectification of the party has a great bearing on the whole situation, so we must take a very careful and prudent attitude and get well-prepared. First of all, we must continue to educate party members in the new party constitution and conduct study classes for them group after group at different times so as to lay a good ideological foundation for the rectification. Through experimental units; we must achieve practical experiences of how to rectify the party under the new situation and then unfold them in other places. Primary organizations of the party which are now being overhauled and consolidated must concentrate their efforts on solving acute problems so as to create conditions for the forthcoming overall rectification of the party.

3. Perfecting democratic centralism in party life and strengthening party discipline.

Democratic centralism is the basic organizational principle of our party. Inner-party democracy must be increased and party life must be motivated. We advocate "letting everyone have his say" and oppose the practice of "what I say goes." In party committees, the relationship between the first secretary and other members is a relationship of the minority being subordinate to the majority. No one is allowed to decide matters arbitrarily on his own, to make decisions on major issues on his own or to reverse any decisions confirmed by the majority on his own. In practical work, it is not necessary for first secretary to nod assent for everything and to express opinions on everything. Actually, he should encourage all members of the committee to do their part properly. The principle of democratic centralism must be established in party committees. Differences in principle must be smoothed out through discussion at a meeting before a common understanding is reached and unity of action sought. It is not permitted that a matter is unanimously agreed by all participants at a meeting, but each goes his own way after the meeting.

Party leading cadres must participate in the organizational life of both party committee and party branch. Standing committees of the party committees at or above county level must maintain the normal practice of democracy to carry out criticism and self-criticism. Leading cadres must participate in meetings called by party branches and groups in the capacity of ordinary members to put themselves under the supervision of party organizations and the masses. No party member is allowed to seek privileges.

Discipline is the guarantee of the party line. Decentralism and liberalism are corrosive and sap our morale. Party members must stand firm and combat them. We must enforce party discipline and fight against laxity in discipline. Party leading cadres at all levels should strive to be models of enforcing the new party constitution and observing discipline and laws.

We must go all out to live up to what the party Central Committee requests of us politically. We must study hard to seek unity of thinking so that we will be able to consciously keep in step with the Central Committee. We must absolutely obey the central command organizationally and in action and implement the central decisions and instructions to the last letter. Meanwhile, we must have a clearcut stand when we carry out criticism and wage staunch struggles against all mistakes of politically standing aloof from the Central Committee.

4. Promoting party work among the workers, peasants and intellectuals and maintaining closer link with the masses.

Serving the people wholeheartedly and relying on the masses wholeheartedly constitute the fundamental purpose of our party, a purpose which should not be diverged from under any circumstances. This is particularly important during the new period of socialist modernization. Party organizations at all levels must rely firmly on the working class, imbue the workers with communist ideas and furnish them with more ideological education in Marxism-Leninism and education in science and culture. Thereby, the working class will become a

mighty force with good political integrity, high ideological consciousness and fuller knowledge of advance science and technology. We must attain an adequate understanding of the peasants in the present stage. We must earnestly strengthen and improve the political and ideological work of the party among the peasants to guide them to become a new type of peasants who love the motherland, socialism, the party and the collective. We must attach great importance and give full play to the role of intellectuals in the building of the four modernizations. We must really treat them equally without political discrimination, give them a free hand in work and take good care of their livelihood. We must show loving care for the young generation. With communist foresight and wisdom, we must carry out education among the young people to foster them to become a shock brigade in creating new situations in all fields. We must care for the special interests of women and guide them to play their important role in the building of the two civilizations.

CPC committees at all levels must give more effective leadership to the work of mass organizations such as trades unions, the CYL, the Women's Federation, association for science and technology, and literature and art organizations. We must give full play to the role of the organizational ability of these organizations, and render support and assistance to them in unfolding all kinds of useful activities. Thus, trade unions will become an important link between the party and the workers. The CYL will become a school for the youth for studying communist in practice. The Women's Federation will become an authoritative mass organization representing women's interests and protecting and educating women and children. The association for science and technology and literature and art organizations will become an important bridge for the party to unite and strengthen ties with intellectuals.

5. Enhancing the level of leadership and improving work style.

It is necessary to study hard. To build a socialism with distinct Chinese character, we must study hard to explore new subjects in many spheres and endeavor to gain professional proficiency in many fields, otherwise, we will be unable to shoulder the heavy burden. Although we have accomplished the task of setting the party's guiding ideology to rights, we have not won final success in setting right our practical work on all fronts. Therefore, we must assiduously study Marxism-Leninism-Mao Zedong Thought, study three books, namely "Selections from Deng Xiaoping," "Selected Manuscripts of Chen Yun" and "Important Documents Selected Since the 3d Plenary Session" and study documents of the 12th Party Congress. In study, we must link theory with practice, seriously sum up historical experiences and lessons and correct our thinking. At the same time, we must make painstaking efforts to acquire cultural and scientific knowledge and study management methods.

Party and administrative work must be properly divided up. The party exercises leadership in every thing, yet it should not undertake to do everything. For a long time the party and administrative work has been mingled together, and the party has become an administrative organ. Thus, quite a few party committees plunge themselves into administrative affairs and take no care of their own affairs. This cannot strengthen but only weaken party leadership. From now on, party committees at all levels must concentrate their efforts on making

arrangements for overall work and major tasks, the implementation of the party's line, principles and policies, and carrying out political and ideological work, cadre work and party-building. They must focus on the study of new situations, solving new problems and summing up new experiences. Under the leadership of the party, governments at all levels and administrative and production departments must establish a perfect and necessary command system to carry out their work independently and effectively.

Proceed in all cases from realities. This is the living spirit of Mao Zedong Thought. In finding out how to build socialism with a distinct Chinese character, we can not find an answer from books but must try to discover the laws from realities. The tasks of carrying out reforms are important, urgent, arduous and complex. We must, therefore, follow the way of "practice, sum up, practice again, and sum up again." Leading comrades at all levels must totally free themselves from routinism. They should not bog down themselves in "heaps of documents" and "a flow of meetings." They must immerse themselves among the masses and go right to the frontline of production. They should adhere to the principle of "no investigation, no right to speak" and "no correct investigation, also no right to speak." They must take investigation and study as the principal step in all work and a major link in the improvement of party work style. Members of party committees at or above county level must spend at least 3 months every year conducting investigation and study. We must uphold the principle of practice being the sole criterion of truth. We must push forward all work in experimental units to gain experiences before we unfold them to other places step by step and in a solid manner. We must stick to the principle of using different methods for ironing out different contradictions. We must guide all work in according to category and must not impose uniformity on them. At all times, we must closely link the party's line, principles and policies with the actual situation and carry on our work creatively.

Comrades, the 12th Party Congress proposed the building of socialism with a distinct Chinese character. This has become an objective in our course toward victory. Now, this creative project, the greatest in human history, has just begun. The present situation in Shaanxi is excellent as in other parts of our country, and has developed rapidly. We are aware that the difficulties in front of us are numerous, yet we have the strong and correct leadership of the Central Committee. We have our party organizations with glorious and revolutionary traditions, a large number of party members and cadres who have undergone severe tests, and the 29 million people who are diligent, brave and clever. We have both positive and negative experiences accumulated since the founding of our country. And we have relatively rich natural resources and a rational foundation of materials and techniques. Therefore, we can surely surmount all difficulties. Under the great banner of Marxism-Leninism-Mao Zedong Thought, let us all unite much closer around the Central Committee to inherit and carry forward the party's fine traditions and work style, to inspire revolutionary enthusiasm, to immerse ourselves in hard work and to unite and lead the broad sections of the masses to strive for a new situation in all fields of socialist modernization in our province.

NATIONAL POLICY AND ISSUES

'JINGJI YANJIU' ON DISTRIBUTION ACCORDING TO LABOR

HK100847 Beijing JINGJI YANJIU in Chinese No 3, 20 Mar 83 pp 51-56

[Article by Zhang Wenmin (1728 0795 2404) of the Economic Research Office of the Chinese Academy of Social Sciences and Cao Xianzhang (2580 2009 4545) of the Economic Department of Beijing Teachers College: "Reform of the Wage System in State-Owned Enterprises and the Principle of Distribution According to Labor"]

[Text] Characteristic features of socialist economy include public ownership of the means of production and distribution according to labor. There is an argument that in the relations of distribution, the principle of distribution according to work must be implemented. But there are differing views on such aspects as what the principle of distribution according to work is and how to implement this principle. As these two questions are the theoretical foundation for reforming the wage system, it is necessary to discuss them in depth. The following are our rough views.

1. What Is the Principle of Distribution According to Work

First, so-called distribution according to work means to distribute individual consumer goods with labor as the yardstick. Under socialist conditions, laborers are an entity as well as the owners of the means of production. On the other hand, Marx said: "The volume of the labor he gave to society through a certain form is all recovered through another form." "It is apparent that the current practice in this aspect is the same principle of regulating commodity exchange (refers to exchange of equal value). Now both the content and form have changed, it is because under the changed environment, nobody other than the laborers themselves are able to provide any other thing. On the other hand, with the exception of individual means of consumption, no other thing can become individual property. With regard to the distribution of the means of production among producers, it is also using the same current practice for the exchange of commodities at equal value on the basis of the same principle, that is, a form of a certain volume of labor can be exchanged with the same labor volume of another form." (Marx: "Selected Works of Marx and Engels," "Critique of the Gotha Programme," Vol 3, p 11) Therefore the nature of distribution according to work in fact reflects the relations of the exchange of labor and as its premise, it is opposed to equalization. Particularly under the premise in which labor is still the means for earning

a living, the laborers mutually acknowledge the difference between labor and wages and under this situation distribution according to work also has become the means to urge the laborers to work hard. Therefore equalitarianism in labor payment is contradictory to the nature of socialism.

Second, distribution according to work is not the only method for distributing consumer goods. For example, the payment that was mentioned by Marx in the six minus items to meet consumer needs and the fund for the disabled are not distributed according to work. In addition, under socialist conditions, the method used by laborers for gaining consumer goods is mainly characterized by labor income. But we cannot consequently regard all labor incomes as the result of distribution according to work. It is only the unified management and unified distribution undertaken under the means of production with public ownership and the labor gain that is measured by labor that can be regarded as the distribution according to work. For example, the labor income of a laborer does not represent distribution according to work. Therefore distribution according to work can display its role only within a certain sphere, it is only applicable to the distribution for the laborers of the part of their labor within the sphere of the means of production with public ownership.

Third, distribution according to work is only a principle and it can be realized only by relying on a certain form of labor payment. Such forms as wage form of the ownership by the whole people, work points of the collective ownership and labor bonus represent the principle of distribution according to work. Under socialist conditions, the principle of distribution according to work must be implemented and this practice can in no way be changed. But the form of labor payment must accord with the development of production and it can be changed along the improvement in the extent of the development of public ownership of the means of production and the change of the economic system and business management form. Preparations are being made in China for the reform of the wage system and this reform will include a change in the form of labor payment.

2. Distribution According to Labor Means Distribution by and for Whom

In expounding his ideas about distribution according to work, Marx mentioned distribution of the means of subsistence according to "labor hours" by united bodies of free men among the members of these bodies and distribution according to work by society among individual laborers on the basis of commonly possessing the means of production. Essentially speaking, what he mentioned here refers to the distribution according to labor among individual laborers by the collective that is in possession of the means of production. If this collective refers to the ownership by the whole people that is represented by the state, it means that the state implements the distribution according to work among laborers. But in reality, the income of laborers is realized in enterprises and therefore under this situation, distribution involves the question of how to correctly understand the relations of distribution according to work between the state, enterprises, and individuals.

Some comrades have said that within enterprises, the enterprises are carrying out distribution according to work among individual laborers while within the ownership by the whole people, it is the state that is carrying out distribution according to work among enterprises. The purpose of this view is to relate enterprise interest with the contributions made by the enterprises to the state and this view is acceptable. But to say that the state is carrying out distribution according to work among enterprises is contradictory to the original connotation of the theory of distribution according to work.

Some other comrades held that under present conditions in China, it is not practical to implement the principle of distribution according to work in the whole of society and that it can only be introduced in the enterprises with relatively independent accounting. Although this view reflects the fact that when distribution according to work is implemented within the sphere of ownership by whole people, it is difficult to precisely gain the products that are equal to the volume of labor, it completely separates the entity of ownership by the whole people from enterprises.

We agree that at present it is impractical to completely realize distribution according to work, but the Marxist principle of distribution according to work is still applicable. The principle of distribution according to work shows the relations between the state and laborers. The status of the enterprises in realizing distribution according to work lies mainly in representing the state. It is because:

First, distribution according to work means the realization of the means of production with public ownership and it can only be implemented within the sphere of public ownership. In the enterprises with socialist ownership by the whole people, the means of production belong to the state which represents the interests of the whole people while laborers carry out production labor by combining themselves with state-owned means of production and they get a different volume of consumer goods according to their work. Therefore although distribution according to work is realized through enterprises, the enterprises themselves carry out distribution according to work on behalf of the state which is the owner of the means of production.

Second, distribution according to work must be carried out under the premise of unified business management. The state, which is the general representative of the economy with ownership by the whole people, is a big economic organism. It is not in a position to directly participate in all production and business activities and therefore it is necessary to have enterprises carry out these activities. In order to mobilize the initiative of the enterprises and strengthen management according to objective law, it is also necessary for the enterprises to have the status of relatively independent producers of commodities, to carry out independent accounting, and to sum up their expenses by reliving an income. But socialism means planned economy and the production and business of the enterprises with ownership by the whole people must follow state unified planning and macroscopic production and business decisions. For example, the value that is newly created at enterprises through labor, that is, the distribution of part of the value added product

cannot be decided at will by enterprises. The state has the right to supervise enterprises so as to see that they do not arbitrarily increase costs and decrease profits by expanding total wages. And when enterprises suffer losses because of policy and their income is not enough to cover the payroll, the state must come to their aid by making financial allocation. This shows that the situation in which enterprises have carried out independent accounting to support expenses by relying on income does in no way change the nature of the enterprises with ownership by the whole people as being subordinate to the state and that distribution according to work among laborers by enterprises is carried out within the sphere as allowed by and under the supervision of the state. In addition, when Marx was discussing distribution according to work, he meant the distribution of total social products among individual laborers with labor as the yardstick after deduction of six items. It shows that the proportion of the six items deduction by the state directly affects the volume of the distribution that is carried out according to work. Therefore although enterprises are in a position to more precisely calculate the contributions of the laborers and realize labor payment, we cannot consequently deny the necessity and possibility of carrying out distribution according to work within the sphere of ownership by the whole people.

Third, under socialist conditions, there exist the relations of material interest among the state, enterprises, and laborers and the implementation of distribution according to work represents the means used by the state to handle the relations of material interest among the state, enterprises and laborers. But distribution according to work does not reflect the relations of material interest between the state and enterprises. Therefore we cannot say that the state also implements distribution according to work toward enterprises.

First of all, distribution according to work refers to the distribution of consumer goods among individuals and the targets of the distribution are laborers. The relations between the enterprises with ownership by the whole people and the state mean that the former are business units with the function of carrying out production; their relations with laborers mean that enterprises are the places where laborers are combined with the means of production with ownership by the whole people in carrying out labor production and where they get labor payment. One is the laborers and the other is production and business managers and there is an apparent difference between these two. In addition, under socialist conditions, labor still represents the means for earning a living, and social production is carried out by using these means so that "each person that is suitable for physical labor is working to guarantee his own survival." (Marx: "Selected Works of Marx and Engels," "Marking the Seventh Anniversary of the Founding of the International," Vol 2, p 443) Therefore the principle of distribution according to work is a way of mobilizing the production initiative of the laborers; it is also an economic compulsion. The enterprises with ownership by the whole people are the organizations that are representing "society and the state in carrying out strict supervision over labor standards and

consumption standards" (Lenin: "Selected Works of Lenin," "The State and Revolution," Vol. 3, p. 254) in realizing distribution according to work. Therefore we can in no way mix the organizations that are implementing economic compulsion with the targets of economic compulsion.

Second, enterprise material interest is not the result of the state distribution according to work among enterprises. It is because at the present stage, the so-called enterprise material interest mainly refers to enterprise funds from profit retention. The purpose of retaining from profit by the state is to supervise enterprises so that when they are carrying out production and business activities by using the means of production that are distributed to them by the state, they will display their initiative to achieve good economic efficiency. If the enterprises have produced good achievements in their production and business, they will receive some material interest (profit retention) as encouragement. Here, the material interest that is distributed to enterprises according to their production and business results no doubt includes the extent of the labor contributions by all the laborers of the enterprises; but the material interest that is distributed according to labor contributions does not necessarily mean distribution according to work. According to the principle of distribution according to work, of the total products of the united body of free men, "part is used again as the means of production and it still belongs to society. And another part is consumed as the means of subsistence by the members of the united body and therefore this part will be distributed among them.... The volume of the means of subsistence valued by each producer is determined by his labor hours." (Marx: "Das Kapital," Vol. 1, pp. 95-96) It is apparent that the targets of distribution according to work are laboring individuals and not the enterprises. The contents of the distribution according to work are the means of subsistence and not the means of production. Now let us look at the enterprise fund that is allocated by the state for enterprises. Such a fund comes from profit retention. It is a distribution of the part for social labor and not the part for self labor. The fund is mainly used in three aspects. First, it is used in expanding reproduction and the new productivity formed by it will at last belong to the state. Second, it is used in collective welfare. The use of the fund in collective welfare has the factor of carrying out distribution according to needs and the method of distribution according to work is not used here. Third, it is used as an awarding fund; it needs a carefully analysis as to whether this fund is used through the method of distribution according to work. At present, bonus for the staff and workers of the enterprises comes from the awarding fund and therefore it has the nature of above-quota labor consumption and consequently it is reasonable to say that such a fund represents a form of distribution according to work. As the current wage standard is low, it is impossible to completely reflect labor consumption and therefore the method of compensating through bonus is used. At this point, we have seen this not only to implement the principle of distribution according to work but also to overcome the equalitarianism of "everybody eating from the same big pot" to mobilize labor initiative. But the nature of bonus is in no way limited to just compensation for above-quota labor, it includes pure bonus. If wages are in a position to reflect labor consumption, pure bonus will replace the above-quota labor compensation. Under this condition, the standard for giving bonus is no longer the yardstick of "labor" but of

selection of the best after comparing labor contributions. As the awarding fund is distribution for social labor, it cannot be used for distribution according to work. The above analyses show that the gain of material interest by enterprises has no inner relation with the principle of distribution according to work, nor can we say that the state implements distribution according to work toward the enterprises.

Third, labor payment made by the state to enterprises cannot be simply termed as the state following the principle of distribution according to work in carrying out distribution among enterprises and the enterprises carrying out redistribution among laboring individuals. Enterprises represent part of the whole body with ownership by the whole people. The means of production in enterprises are owned by the state. The enterprise wage fund is part of the distribution of the whole national revenue. The state supervises and acknowledges the amount of the expenditure for labor payment by enterprises. This situation reflects the fact that the nature of distribution according to work represents the relations between the state and laborers and not the state implementing distribution according to work toward enterprises. Seen from the point of view of the formation of the enterprise wage system, enterprises belong to the state and yet they have to carry out relatively independent economic accounting. On the one hand, enterprises have to compensate for their own materialized labor consumption after their products have been turned to currency and on the other hand they have to compensate for the consumption of their living labor. Therefore, the expenditure for labor payment is the expense of the enterprises that is compensated for by themselves and not directly distributed to them by the state on the basis of the principle of distribution according to work. To expound these two aspects as a whole, it means that with the exception of direct compensation given by the state for the expenditure of labor payment by the enterprises that have made losses because of policy, most enterprises are directly responsible for paying laborers on behalf of the state. If during the reform of the wage system we neglect the expenditure by enterprises to compensate for labor payment, this move is not in the interest of improving enterprise business management and decreasing labor compensation and finally the volume of the "six minus items" that are under the control of the state will be affected. Therefore neither theory nor practice can prove that first the state carries out distribution according to work among enterprises and the enterprises do the same among laborers. The only explanation is that enterprises carry out distribution according to work among laborers on behalf of the state.

3. How To Realize Distribution According to Work

To realize distribution according to work it is necessary to resort to a certain form of payment and wages in the enterprises with ownership by the whole people and this method represents an important concrete form of payment. As the distribution according to work among laborers is carried out by the state and materialized through enterprises, this form must implement the principle of distribution according to work and reflect the relations among the state, enterprises and laborers. The reform of the wage system now being prepared is aimed at solving the relations of the double-layer distribution according to work among laborers by the state and enterprises. According to our supposition, the reform will mainly comprise the following two points.

1. A unified wage standard must be introduced within the economy with ownership by the whole people.

First of all, the need to implement a unified wage standard is determined by the nature of the socialist ownership by the whole people. Under socialist conditions, "equal labor with equal payment" (Lenin: "The State and Revolution," Vol. 3, p. 258) represents a criterion that makes the means of production with public ownership different from the means of production with private ownership. It is only when a unified wage standard is introduced in the economy with ownership by the whole people that the laborers with the same labor contributions will be able to have the same amount of wages to show that laborers are the common owners of the means of production and to show the rights of equality of the laborers in possessing the means of production.

In the process of reforming the wage system, the past practice of excessively rigid control must be changed and it is necessary to link labor payment with production and business situations of enterprises and labor distribution of laborers. Labor payment of the laborers in the enterprises with good production and business management must be higher than those in the enterprises with undesirable production and business management. In addition, enterprises have the right to determine one or several forms of labor payment. And within the total wage amount defined by the state, they also have the right to increase and decrease the wages of their staff; therefore it is imperative during the reform of the wage system to properly expand the autonomy of enterprises. But in future reforms, no matter what the extent of autonomy the enterprises have in determining wages, the economy with ownership by the whole people must have a unified wage standard.

Second, the implementation of a unified wage standard is required by a planned economy. Socialism means a planned economy and the state must, through control over the total wage amount, realize the best proportionate relations between accumulation and consumption so as to guarantee that the national economy will develop proportionately and in a planned way and that the living standard of the broad masses of laborers will be constantly improved on the basis of developing production. At the same time, the state must administratively control the growth of wages in enterprises so as to guarantee that the growth will accord with the development level of social productivity and prevent too much difference of labor payment among enterprises. This can be realized only when a unified wage standard is used within the economy with ownership by the whole people.

Third, the introduction of a unified wage standard is required in implementing distribution according to work. When Marx was discussing distribution according to work, he regarded the labor of each laborer as part of the total social labor, that is, "social labor days are formed by labor hours of individuals; individual labor hours of each producer represent part of what he provides to social labor days and his share in social labor days." (Marx: "Selected Works of Marx and Engels," "Critique of the Gotha Program," Vol. 3, p. 41) And therefore this "labor" is average social labor with the same quality and which is agreeable, that is, it is the labor that is

labor skill and average labor intensity. Theoretically, there are three ways of understanding "labor." First, it means individual labor expenditure of laborers; second, necessary social labor that has been formed into commodity value and third, average social labor. Seen from the point of view of the state and of laborers, the "labor" with a unified wage standard implemented by the state toward laborers is average social labor and the level of wages in various trades is defined by using this "labor" as a yardstick. Only in this way will it be possible, within the economy with ownership by the whole people, to realize that "a certain volume of a form of labor can be mutually exchanged with the same volume of another form of labor." (Ibid.)

2. When enterprises are implementing distribution according to work toward laborers, they can float the distribution up and down around the state unified wage standard.

According to the nature of distribution according to work, the difference in labor payment is decided by the difference of labor. To introduce a unified wage standard within the ownership by the whole people will help to avoid the difference in labor payment that is caused by different conditions in the use of the means of production by enterprises. But it is just a basic principle and the implementation of this principle in practice will have to be concretely analyzed.

First of all, the basic form of socialist distribution is distribution according to work and at the present stage, distribution according to work can only be basically implemented. But because of the existence of commodity production and because enterprises have to consider their own material interest, the nature of "labor" with a unified wage standard is relative. This is because the so-called "labor" represents the average labor expenditure of society: It is a theoretical abstraction that can hardly be realized in reality without slight differences. Social average labor expenditure means the calculation of the total labor hours based on different labor achievements and then the calculation of unit labor hours and the equivalent amount of RMB is distributed among laborers. But RMB is not labor bond, it is just a symbol of value. Thus through changes, social average labor hours include the factor of the labor hours needed by society to form commodity value. Under socialist conditions, the products of enterprises still represent commodities. If the products are of low quality, high price, are out of date and in excessive supply, they will not be acknowledged by society and consequently the labor of the laborers becomes ineffective labor toward which no distribution according to work can be implemented. Therefore labor payment is affected by the situations in the possessing and using of the means of production by enterprises and it must be linked with the results of business management. Consequently, the "labor" of the labor needed by society in forming commodity value must constitute a certain proportion of the labor needed by society. We all know that the labor hours needed by society in forming commodity value refer to the labor hours that are needed in producing a certain commodity under medium production conditions and they have the premise of acknowledging no equal means of production. Thus the relativity of "labor" affirms that the graded difference caused by unequal means of production with

ownership of the whole people possessed by enterprises that belong to the state. This means the implementation of a unified wage standard across the country; at the same time, this view of labor also acknowledges the differences in possession of the means of production and in business management conditions. Second, in reality, there also appears to be a need to implement the differences in possession of the means of production and the differences in production and business management conditions and the main concern is that under socialist conditions, there exists commodity production and that enterprises are relatively independent commodity producers. Therefore, the state must acknowledge the material interest of enterprises so as to mobilize their initiative in developing production. Consequently, enterprises are allowed to undertake productivity that belongs to themselves by making use of their own fund. During a particular period, part of the profit made by this productivity is retained by the enterprises. The enterprises may use part of what is retained as labor payment (bonus or floating wages). The objective result is that unequal possession of the means of production by enterprises results in different labor payment.

In short, reforms of the wage system in future must be carried out under the condition of a unified wage standard so as to make the system accord with the above-mentioned conditions. It is also necessary to implement a floating wage system in order to allow enterprises to float up and down the unified wage standard according to the results of their production and management. Specialized study must be made with regard to the floating standard.

1. The form of wages must be in a position to reflect the contributions made by the laborers to society. Generally speaking, there are three forms of wages that are more practical for the enterprises with ownership by the whole people.

First, time wage. Time wage is characterized by wide adaptability and relative stability and it is in the interest of the implementation of a unified wage standard. It is the main wage form in China at present and will be in the future. But time wage can only reflect the volume of the labor that is provided to society by laborers during a certain period and not the actual consumed labor volume; in particular, under the present conditions in which commodity production exists, the implementation of a simple unified standard of time wage makes it more difficult to completely reflect the actual labor volume that is provided to society by laborers to affect the initiative of laborers.

Second, piece-rate wage. This wage form can directly link labor payment with labor achievements and urge laborers to work harder. Practical experience that piece-rate wage is a good form for implementing distribution according to work. Piece-rate wage can be implemented more easily in the production that is characterized by full production tasks, relatively stable technology, products the quantity of which can be precisely estimated, definite quality standards, definite quotas of the consumption of raw materials, better management conditions and averagely advanced labor quotas.

Third, time wage plus floating wage or flexible wage. This wage includes two parts: time wage and flexible wage. Time wage is defined according to technical grades and labor hours of the laborers. Flexible wage is defined according to the labor achievements of laborers and business results of enterprises. The state must define a certain floating rate for general wage level of enterprises and the enterprises are allowed to float wages in a unified way around the floating rate so as to encourage staff members and workers to work harder and improve technology and professional levels to make more contributions for the socialist cause. As the floating rate is mainly defined according to production and business results of enterprises, it is able to a certain extent to reflect the proportional relationship between the quantity of useful labor and the volume of actual labor consumption provided by laborers to society. Therefore the implementation of time wage plus floating wage is in a position to make wages further show the principle of distribution according to work, mobilize production initiative of the broad masses of laborers and maintain a certain proportion between the quantity of consumer goods that are distributed by society and the total quantity of social products and in this way, the relations of distribution will be able to promote production.

Of these three wage forms, time wage and piece rate wage are not in a position to completely adapt to the situations of the enterprises as relatively independent commodity producers. For example, in implementing the principle of distribution according to work it is necessary to use the labor that is useful to society as a yardstick. But the labor volume represented by time wage and piece rate wage can only be acknowledged by enterprises and they cannot reflect whether the products are acknowledged by society; in addition, wages do not have relations with the production and business results of enterprises. Therefore, these two wage forms are not in a position to mobilize the initiative of laborers in working hard to improve technical equipment, raise labor productivity and product quality and increase varieties of products. But time wage plus floating wage can make up for the deficiency of the other two wage forms. Of course, if per unit price of piece work includes the factor of the results of the business of the enterprises when piece-rate wage is being implemented, this wage form will attain the same goal of the form of time wage plus floating wage. But the sphere for the implementation of piece-rate wage is limited and therefore under ordinary conditions, time wage plus floating wage is a better wage form and it should become the form to which wage reform is oriented.

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NATIONAL POLICY AND ISSUES

'JINGJI YANJIU' ON REFORMING BUSINESS MANAGEMENT

HK100638 Beijing JINGJI YANJIU in Chinese No 3, 20 Mar 83 pp 57-62

[Article by Su Xuesheng [5685 1331 3932] of the Finance, Trade and Goods Economic Research Office of the Chinese Academy of Social Sciences: "On Reforming the System of Business Management"]

[Text] The business management system is an important part of the state economic management system. It involves not only mutual relations within commercial departments but also mutual relations between commerce and industry, agriculture and other economic departments. Whether the system of business management is correct or not is closely related to such work as rationally organizing the circulation of commodities, promoting the development of industrial and agricultural production, mobilizing the initiative of the broad masses of cadres and workers and staff members in the commercial sector and fully displaying the role of commerce in the national economy. Therefore, it is imperative for us, on the basis of summing up experience, to conscientiously improve commercial work, and smooth out, expand and increase circulation channels so that goods and materials will be circulated in the best way to fully display their roles in promoting production, ensuring supply and promoting the development of the economy.

I. Changes in the Business Management System in the Past 3 Decades and More

First of all, historical changes in the management system of the state commerce can be basically divided into six stages.

The first stage was the period of the rehabilitation of the national economy between 1949-1952. In the early days of liberation, commercial departments faced the heavy tasks of restoring and developing industrial and agricultural production, cracking down on profiteering activities and stabilizing the market and, therefore, it was urgently demanded that a highly centralized and unified business management system be set up. Consequently, following the founding of the central government, a central trade ministry was established to direct commercial work in a unified manner across the country. And correspondingly, trade departments, commercial bureaus, commercial offices and other commercial departments were set up in various regions.

provinces, municipalities, autonomous regions, areas and prefectures to form the business administration management system across the country. These measures were followed by the establishment of various specialized companies with headquarters and branches at the prefectural level. Consequently, a national system of specialized companies was formed. This period was characterized by a highly centralized business management system which played an important role in cracking down on profiteering activities, controlling markets, stabilizing prices and promoting the restoration and development of the national economy.

The second stage was during the First Five-Year Plan period [words indistinct] that was carried out by the state in a planned way, the management method of the national economy began to follow the right track and, therefore, it was demanded that the national economic departments be split into more meticulous organizations. Consequently, many shortcomings in the highly centralized management system of the state commerce were exposed. These shortcomings included: the formation of organizations according to administrative regions resulted once again in the circulation of some commodities causing serious waste; goods and materials were transferred on a massive scale and, coupled with enormous capital turnover, resulted in a great amount of capital being possessed and held down affecting improvement in business management; and autonomy was excessively [word indistinct] affecting the initiative of localities and enterprises. With these shortcomings, measures were taken to reform the business management system in a big way. First of all, commercial management organizations were set up alongside business organizations according to economic regions and with their own wholesale stations; second, the system of unified transfer of commodities was replaced by management of various levels and at the same time the relations of selling and purchasing commodities were formed from wholesale stations down to retail shops; and third, the system of trade treasury was abolished, the funds for enterprises at various levels were checked by specialized companies and all commercial enterprises introduced the economic accounting system. Considerable achievements were made during this period in the reform of the business management system to strengthen the leadership of local party committees, mobilize the enterprises' initiative, organize commodity circulation according to objective of commodity circulation, improve business management, decrease expenses and increase profits.

The third stage was during 1958-1961. Following the reform of the national economic management system, measures were taken during this period to reform the business management system in a big way. First, specialized companies were abolished and the method of combining administration with enterprises was introduced. The specialized companies at various levels were transformed into specialized bureaus under commercial administration departments of various levels and the relationship of leaders between higher specialized companies and those at grassroots levels were also abolished; second, the commercial planning management method was considerably changed, with the method of the Ministry of Commerce being in charge of the planning for purchasing and distributing commodities introduced to replace commodity circulation planning by the commercial system and the system of specialized

companies; third, commodities were classified and managed according to their grades. They were classified into three categories: The first category was under the management of the State Council, the second under the management of the Ministry of Commerce and the third under local management. But as the handing down of autonomy was done excessively and too quickly, particularly the introduction of the method of combining administration with enterprises to replace enterprises with administration and abolish specialized companies, there were at once difficulties in transferring commodities, exchanging information between higher and lower departments was not timely, many good management systems were abolished and there were more problems in business management.

The fourth stage was during the readjustment period in the 1960's. When the national economy was in a readjustment period and in order to organize the circulation of commodities still better, the State Council decided to restore and set up specialized companies at various levels within the system of the Ministry of Commerce and to divide these companies into three categories according to the situations of their businesses and with different management methods. The first category of specialized companies mainly relied on the leadership of their head offices in business operations and by relying on local administrative departments as a supplement. The business of the second category specialized companies was jointly managed by head offices and provincial, municipal and autonomous regional bureaus and departments. The business of the third categories of specialized companies was totally under the management of localities: the Ministry of Commerce did not set up head offices but specialized management bureaus for such companies. In order to organize commodity circulation according to economic regions, the second grade wholesale stations were readjusted while overlapping organizations were closed down or merged. Reforms during this period were not carried out in a big way and yet they were helpful in improving the transfer of commodities, overcoming chaotic business management situations and they made considerable achievements.

The fifth stage was during the "Cultural Revolution." Under the interference and sabotage of the "gang of four," the Ministry of Commerce took advantage of the criticism of the "dictatorship of rules and regulations" and transfers of cadres to lower levels during the campaign to simplify organizations, abolish specialized companies and bureaus and transfer enterprises and management autonomy to lower levels. Provinces, municipalities and autonomous regions followed the example and [word indistinct] provincial and municipal specialized companies or merged many companies into one company. The Ministry of Commerce transferred the first level stations down to provinces and municipalities and the provinces transferred the second level stations down to localities. As a result, the second level stations were seriously overlapped and a number of goods were transported back and forth to their places of origin, only to cause serious waste. At the same time, state commerce, collective commerce and free markets basically had the same [word indistinct]. As a result, state commerce had exclusive rights for business management, too many commercial networks were abolished and merged, the state official commerce was growing, service was decreasing and it was inconvenient for the

masses to buy commodities. Organizational simplification and system reforms were excessive during this period and the method and measures in transferring cadres to lower levels were too simple and carried out hastily, resulting in chaotic work and damage.

The sixth stage was the new period of the national economic readjustment. Measures were taken following the downfall of the "gang of four" to restore order. The Ministry of Commerce regained the management autonomy that previously [phrase indistinct] the situation in which the first level wholesale stations are under the dual leadership of the specialized bureaus of the Ministry of Commerce or general companies and provinces and municipalities while the second level wholesale stations are under the leadership of provinces and autonomous regions. Measures have been taken since the 3d Plenary Session of the 11th CPC Central Committee to develop collective and individual commerce and catering service trades and to restore and develop free markets in rural areas and agricultural product free markets in urban areas; the system of exclusive selling and purchasing rights of industrial products by commercial departments was changed and replaced by monopoly purchasing, planned purchasing, ordered purchasing and selective purchasing and small commodity wholesale markets, trade warehouses and trust businesses were restored in some places; experiments also were carried out on the profit retention system, on the expansion of the autonomy of enterprises at grassroots levels and on replacing the system of handing over profits to higher departments with income tax. These reforms began not too long ago and yet have made considerable achievements in promoting the development of industrial and agricultural production and stabilizing market prices. These reforms have played a positive role in enabling regulation by market mechanism to display its role under state planned guidance and in improving business management, and have provided preparatory conditions for further reforms of the business management system.

The following discusses the historical changes of the business management system of supply and marketing cooperatives. Over the past 3 decades and more, reforms of the management system of the supply and marketing cooperatives also basically experienced six changes. First, the semisocialist cooperative commercial organizations that were "run by the state and supported by local people" or "jointly run by the state and local people" were set up in 1950. These organizations played a positive role in helping peasants sell their agricultural, sideline and native products, supplying the means of production and the necessities of life at rational prices, decreasing exploitation by private commerce, protecting peasants' economic interests and in promoting agricultural production. Second, following the reform of the whole state management system, measures were taken in 1958 to include cooperatives above prefectural level into the sphere of state commerce while the supply and marketing cooperatives at grassroots level into the sphere of people's commune commerce to become "big collectives" and "small ownership by the whole people." As a result, the supply and marketing cooperative with semisocialist economy were included into the socialist economy and peasants no longer regarded the cooperatives as belonging to the collective but to the state. Consequently, peasants lost interest in the business and

management of the cooperatives and this situation prevented them from doing a better job in serving agricultural production and the peasants' livelihood. Third, following the readjustment of the national economy, the supply and marketing cooperatives were restructured in 1955. The cooperatives above prefectural level were owned by the state while those at district-level were owned by the collective and they all had their share in promoting agricultural production and in serving the peasants' livelihood. Fourth, during the "Great Cultural Revolution" that began in 1966 and because of the interference of the "gang of four," the management system of the supply and marketing cooperatives was seriously damaged, and in many places the cooperatives above prefectural level were merged with commercial, foreign trade and industrial and commercial administrative departments to become "four-in-one" big commercial establishments. Thus, with a rigid management system, the leadership and organizational management over supply and marketing cooperatives were seriously weakened, affecting supplies for agricultural production and the peasants' livelihood. Fifth, according to the instruction that "there must be somebody who will give more consideration to the supplies for peasants and speak more on their behalf," the cooperatives were once again excluded from the "big commercial establishments" in 1975 and returned to their system prior to the "Great Cultural Revolution" in order to strengthen their business management. In December 1977, the State Council issued a "Notice on Commercial Sectors in urban and rural areas across the country to hold meetings to learn from Daqing and Daqin" and declared that "the supply and marketing cooperatives have become commercial undertakings owned by the whole people." The above-mentioned changes in the supply and marketing cooperatives had a common feature, that is, they were carried out by relieving administrative power and met according to objective needs in the development of commodity circulation. These reforms have caused some changes in superstructure and did not change inner-economic relations. Sixth, experiments were carried out on the reform of the system of the supply and marketing cooperatives in various places in 1982 to change these cooperatives into cooperative commerce with the two responsibilities of selling and purchasing on behalf of the state and serving agricultural production and the peasants' livelihood. Consequently, considerable achievements were made.

IV. The Experiences and Lessons of the Past Reform of the Business Management System

The reform of the business management system in fact represents readjustment and improvement in various aspects of the relations of material interests. Over the past 3 decades and more, the business management system has been subject to reform on many occasions, particularly during the period of the national economic rehabilitation in the early days of the founding of the PRC and during the period of the First Five-Year Plan. The establishment, development, and reforms of the business management system have played important roles in promoting industrial and agricultural production, national economic financial and economic situations, increasing supply and cracking down on profiteering activities, stabilizing prices, controlling supplies and improving the management of enterprises. But in the past, we resorted to administrative methods in economic management and, thus, in reforming the management system, we often fell into the trap of

administration, carried out the reform according to administrative regions and by using administrative methods. In addition, we gave more consideration to relations of centralization and decentralization between central government and localities, and at the same time we gave less consideration to relations of economic interest among the central government, localities, enterprises and their staff members and workers, and particularly to the relations between the state and enterprises. Therefore, in the process of reforming the business management system, there repeatedly appeared a situation in which "centralization is soon followed by rigidity, rigidity is followed by discontent, discontent is followed by relaxation, relaxation by chaos and then back to centralization." The positive and negative experiences in reforming the business management system told us that in future, the reform of business management system must be carried out in the following aspects through combining theory with practice.

First, the commercial structure must be readjusted according to the "three-many and one decrease" circulation system: many economic forms, many circulation channels, many economic management forms and a decrease in the links of commodity circulation. Socialist economy includes various economic compositions on the basis of ownership by the whole people and collective ownership. Simultaneous existence of various economic elements is closely related to commodity production. It is wrong to deny the existence of various economic elements in socialism, to carry out transition and mergers in a big way in disregard of the characteristics of the development level of productivity and consumption, to equate individual economy with capitalism, and to think that "the higher the degree of public ownership the greater will be its advantages." Practice has proved that it is imperative for socialist markets to have state commerce as the main body, while the existence of various economic forms for competition puts pressure on state commerce as well as being a motive force in reforming the management system of state commerce. It is imperative to develop collective and individual commerce in urban and rural areas in a big way according to market demand and by relying on the strength of the masses. Under the guidance of state planning, collective and individual commerce must be allowed to engage in the business of agricultural, sideline and handicraft products, daily-use industrial products and the catering service trade. State commerce must support and guide them, and not limit, squeeze and discriminate against them.

Second, uphold the principle of planned economy as the main and with regulation by market mechanism as the supplement. In the past, the business management system excessively stressed the importance of planning as the main and often neglected the supplementary role of regulation by market mechanism to arbitrarily expand the management sphere of planning and contradict planned management with the use of the law of value and the supplementary role of regulation by market mechanism. Practice has proved that in diversified economic management, state commerce has the guiding role with collective commerce as its assistance and that socialist public ownership economy is in a predominant position, with individual commerce displaying a supplementary role. State commerce must strengthen planned management, unified leadership and coordination and arrange well markets in rural and urban areas. With regard to commodity management, it is imperative to correctly define the

Fourth, gradually reform and perfect the commodity business system. The main problems of the present commodity business system include: First, no separation exists between administration and enterprises, there is excessive administrative interference and uncertain enterprise responsibility, all of which are not in the interests of improving business management and commercial economic efficiency. Second, the number of second level wholesale stations set up according to administrative regions has drastically increased, resulting in an increase in commodity circulation links, more stockpiled goods, slower capital turnover and more blockages. Consequently, it is impossible to organize commodity circulation well according to economic regions. Third, the enterprise management method of the "big rice bowl" and equalitarianism are not in the interests of mobilizing the initiative of enterprises and their staff members and workers. Therefore, the following must be done before we can change this situation.

It is necessary to gradually separate administrative management from enterprise management. The past reforms of the business management system were carried out according to subordinate relations. All departmental and regional management was carried out without separating administrative management from enterprise management and, as a result, the responsibilities of enterprises were uncertain. Such a situation is not in the interest of improving business management and increasing economic efficiency. It is necessary to gradually separate administration from enterprises, with the latter being put under the management of specialized companies at various levels, so that they become the economic entities. The administrative departments of commerce are mainly responsible for management and administrative leadership. From a macroscopic point of view, this includes management of policy orientation, managing general and specific policies: balanced planning and setting up and implementing rules and regulations and other major economic measures.

It is necessary to set up wholesale organizations according to economic regions and rationally organize commodity circulation. Internal economic contact in China has always been centered in several big cities along coastal areas and from these cities it radiated to several big cities in the interior and through the latter developed into thousands of medium-sized and small cities and prefectures and towns to form an economic network. Commercially speaking, these economic centers of various sizes are both the hubs for the distribution of industrial products and the markets for collecting and distributing agricultural and sideline products and they represent a wholesale network for various trades. This situation is naturally formed by the conditions of industrial and agricultural production and transport and communication. Therefore, it is imperative to have cities as the centers, to set up wholesale organizations according to economic regions, rationally organize commodity circulation and break away from the barrier of administrative regions. The wholesale enterprises that are set up according to administrative regions and administrative order and the relations of the supply of goods that are contradictory to rational commodity circulation must be resolutely merged and readjusted.

The basic principle for the reform of the business management system should be: persist in the socialist road and protect the unified socialist market; persist in planned economy as the main and regulation by market mechanism as the supplement to organize commodity circulation in a planned way and retain and activate part of the regulation by market mechanism; persist in taking cities as centers for activating the economy in rural and urban areas and further link these areas and persist in serving consumption and production, step up the management role of economic organizations and fully display the initiative of enterprises and their staff members and workers.

According to the above-mentioned reform principle and in order to activate commodity circulation, promote the production of commodities and meet the increasing needs of the urban and rural population, we must lose no time in reforming the state business management system, in developing cooperative commerce in a big way and properly developing individual commerce. It is imperative to realize the principle of having state commerce as the main part, combined with simultaneous existence of various commercial economy forms to expand circulation channels and constantly expand the exchange of goods between rural and urban areas. The following are some views on how to reform the management system of commerce in urban and rural areas.

1. The reform of specialized companies. Specialized companies must be formed and managed according to the principle of separating administration from enterprises, commodity division of labor and unified management of urban and rural areas and they must be formed separately. The old method of carrying out commercial business by relying on administrative methods and exclusive management with the work style of official commerce must be changed. It is also necessary to set up specialized companies in three categories. First, national specialized general companies may be set up for those commodities that are related to the national economy and people's livelihood and that have to be balanced and transferred in a unified manner across the country. Second, with regard to those commodities that are mainly marketed in localities or may be exchanged by localities themselves to help each other's needs, it is not necessary to set up specialized general companies. Instead, provincial, municipal and autonomous regional specialized companies may be set up. Third, for those commodities belonging to provinces and can be managed by municipalities and prefectures (such as vegetables, beverages, services and collection of waste), it is not necessary to set up either general companies or specialized companies, but rather municipal and prefectural specialized companies under the provinces. Various specialized companies may gradually set up their own enterprises for managing commodities and enterprises. Such reform will help decrease the overlappings of organizations and links and improve economic efficiency.

2. The reform of wholesale enterprises. Wholesale enterprises must be set up and managed in a manner which breaks away from the limitations of administrative regions so as to fully display the role of cities as commercial centers for collection and distribution and rationalize commodity circulation. The reform must be combined with the reform of the enterprises that are under provincial management but under municipal and prefectural

management. Wholesale organizations must be set up in accordance with the following principles: stimulation of production, increase in output, being raised and it is necessary to change the present type of wholesale system into a two-level wholesale system. Wholesale organizations for industrial products must be set up in central cities of industrial regions and for agricultural organizations for agricultural products must be set up in prefectures and towns where agricultural products are collected and distributed. Following collection of the amount of industrial and agricultural products and their collection, the ability of a two-level wholesale organizations can gradually be improved and enhanced. Prefecture and towns with bigger volume of commodities must set up independent storage and transportation companies. Other prefecture, county enterprises in various commodities and towns, factories, industrial enterprises must have their own storage companies and expand storage, while government agricultural and sideline products marketing companies must have commercial establishments as well as their own marketing organizations. Wholesale organizations at various levels must purchase from the designated wholesale organizations those commodities under state unified distribution, but they are free to purchase for their own use for remaining commodities without the restriction of wholesale level and regions. Commercial wholesale organizations must have equal treatment of various goods, goods in retail, food and service goods.

More labor would bring about more rewards. Otherwise, this reform will be short-lived." (Ibid., 1 Feb 83 p 1) These words put forth the tasks, steps and the principle of distribution for the reform of retail enterprises and the attention that has to be paid. We must conscientiously implement these principles.

... reform of supply and marketing cooperatives. Supply and marketing cooperatives represent an important channel for the circulation of commodities in rural areas and a belt that links rural economy with urban economy and; therefore, it is necessary to continue to display its role in promoting the development of commodity production in rural areas, expanding commodity circulation in urban and rural areas, developing markets and bringing conveniences to the masses of people. On the one hand, the cooperatives are responsible for purchasing and marketing state planned products, and on the other hand, they are also responsible for selling products on behalf of peasants and supplying the means of production and the means of subsistence that are needed by peasants. The key in reforming supply and marketing cooperatives is to activate commodity circulation in rural areas. Therefore, measures must be taken to change the previous prefectural supply and marketing cooperatives into united economic organizations of the supply and marketing cooperatives at the grassroots levels; that is, they must be changed to prefectural united cooperatives as the economic entities of the cooperatives at grassroots levels. Basing themselves on state planning and market information, prefectural united cooperatives must guide the business of the cooperatives at grassroots levels and undertake that business which is beyond the reach of the grassroots cooperatives, such as purchasing and marketing, processing and managing warehouses and transportation. Prefectural united cooperatives and grassroots cooperatives carry out independent accounting and are responsible for losses and profits. But according to special conditions, measures may be taken to retain a certain proportion of capital from the after-tax profit of grassroots cooperatives as a regulating fund, for building business facilities. Grassroots cooperatives must restore cooperative commerce with collective economy, conscientiously clarify the existing share capital of cooperative members, actively expand share capital from peasants and restore the system of share capital bonds. The cooperatives must have their own rules and regulations and restore the general committee and supervisory committee, while leading bodies and leading members must be elected by cooperative members. It is necessary to restore and strengthen such characteristics of the supply and marketing cooperatives as mass representation in organization, democratic management and flexible business so that they can display a still greater role in orientating economic life in the rural areas. Effort must be made to gradually turn these cooperatives into comprehensive service centers that provide such services as purchasing and marketing, processing, storage and transportation and technology. But prefectural united cooperatives and grassroots cooperatives must carry out diversified economic management and, through various joint ventures, jointly run other various forms of collective production units, specialized households, etc. households and individual households, guide and promote the peasants' various economic management so as to guide the economic activities of rural areas onto the road of planned development.

NATIONAL POLICY AND ISSUES

'GUANGMING RIBAO' ON ECONOMIC REFORM, SOCIALISM

HK110603 Beijing GUANGMING RIBAO in Chinese 28 Mar 83 p 3

[Article by Wang Jue (3769 3778): "Economic Reform Should Be Conducive to the Building of Socialism With Chinese Characteristics"]

[Text] Our task is to carry out the socialist modernization program. To fulfill this task, it will definitely not do to mechanically transplant and indiscriminately copy the experience and models of other countries, neither will it do to break through the old rules and regulations which are outmoded and stop us from forging ahead. Therefore, in the whole course of the four modernizations program, we must carry out a series of reforms. The reform which is ultimately of decisive significance is the reform in the economic sphere. One of the main indicators whether the reform is carried out correctly or not is whether or not the reform is conducive to the building of socialism with Chinese characteristics.

By Chinese characteristics, we refer mainly to understanding socialism in terms of the social system (of this, including the economic, political and ideological systems) rather than in terms of the productive forces; and we refer mainly to the social form of production rather than the material production itself. The social system we discuss here refers to the concrete form of this system rather than the fundamental system and the most rudimentary relations of production. The characteristics of a concrete social system are manifested mainly in the concrete form of the economic system. Therefore, in studying distinctively Chinese socialism, we must start with the concrete forms of the economic system or of the relations of production.

The experience and lessons over the past 30 years have made us come to a profound realization that the reason why socialist construction in China failed to fully display its own characteristics lies in the fact that the mode of our operation and management was mainly divorced from the reality in China. The mode of operation and management mainly refers to the concrete form of the relations of production and finds expression in the various links of social reproduction, such as production, distribution, exchange and consumption.

The lack of Chinese characteristics in the mode of operation and management was shown markedly in the following two ways: First, in enterprises did not have proper decision-making power in management. The state exercised centralized

control over enterprises. It seemed that if we did not exercise excessive control over enterprises, we would not be entitled to be called a planned economy. This has resulted in the absence of the relative independence of enterprises, the separation of responsibility, authority and benefits and the drastic reduction of vitality. Second, there was egalitarianism in distribution. Related to excessive control over enterprises were the "same big pot" and "iron rice bowl" which were regarded as the manifestation of the superiority of the socialist system. This has resulted in the failure to give consideration simultaneously to the interests of the state, the collective and the individual, in putting one-sided stress on the interests of the state and of the whole to the neglect of the interests of the collective and working people; and in the failure to fully embody the socialist principle of distribution according to work and to urge the enterprises and working people to take an interest in production and construction in terms of concerning themselves with economic interests.

The reasons for the lack of Chinese characteristics in the mode of operation and management can be summarized mainly in three points: First, we went contrary to the principle that the general principles of Marxism must be integrated with Chinese reality and in particular, we regarded the practical experience of a certain country in a certain period as the only pattern displaying the general principles and confined our own outlook to this pattern for a long time. Second, we mechanically transplanted a set of practices known as the supply system which took shape during the past war years, and were satisfied with the mode of production and way of life similar to wartime communism, such as self-sufficiency, egalitarian distribution, and the practice of being "big and comprehensive" and "small but comprehensive." Third, "leftist" guiding ideology held a dominant position for a long time and thus significantly intensified the influence of the above-mentioned two ideas.

To build socialism with Chinese characteristics, we must reform, on the basis of summing up historical experience, the management system and the mode of operation which have not yet become distinctively Chinese. An advanced public ownership system must rely on an advanced mode of operation in business affairs.

Since the 3d Plenary Session of the 11th CPC Central Committee, through setting things to rights ideologically, the CPC Central Committee has adopted a series of important reform measures in the economic sphere and has thus scored gratifying achievements in the cause of building socialism with Chinese characteristics. At present, the reform in the economic sphere is in the ascendant and is rapidly developing into a comprehensive and systematic reform in an orderly manner. The main manifestations are as follows:

1. Diverse Economic Forms

On the premise of the leading role of the state economy, the state economy, the collective economy and the individual economy must be rationally arranged and developed hand in hand by making up each other's deficiencies. This is the reform of fundamental importance in the economic sphere since the 3d Plenary Session of the 11th CPC Central Committee. This has fundamentally put an end to the past practices of cutting off tails, rapid upgrading, transition

through property and to the idea that the larger the state and the higher the level of the public ownership were, the better. Practices and ideas which were divorced from China's national conditions. The question of an economic form and the position which an economic form holds are not decided — arbitrarily will, but are instead determined in light of China's actual conditions and in accordance with the principle of benefiting the development of production and benefiting the improvement of the people's livelihood. As the level of development of the productive forces in our country is low and uneven as well as multi-layered, it is necessary to maintain different economic forms so as to make them correspond with such levels. China is abundant in manpower but lacks the material conditions for production, that is, the means of production. If we rely solely on the state economy or solely on the state and collective sectors of the economy, the integration of the manpower of various types in all localities throughout the country with the means of production will be impossible and this will cause a considerable number of people to have difficulty in finding jobs and bring about a huge waste in the social labor force. In order to solve this contradiction, the state, the collective and the individual must simultaneously make concerted efforts and develop their own respective strengths. The state economy is the leading factor; the collective economy has also a powerful vitality and constitutes the basic form in the countryside; and the individual economy is an inseparable supplementary form. The new constitution has stipulated in explicit terms that the rational structure composed by the three above-mentioned economic forms will not change for a long time to come. Compared with other countries, we cannot but say that this suits Chinese characteristics.

2. The Responsibility System in Operation and Management

The mode of operation and management is the extension and objectivization of an economic form. The aim of reform in this respect is to put an end to the set of existing inflexible practices, such as pure unified management, blind work together and centralized distribution, and to base production and operation on the concern of the enterprises and working people for the interests of the collective and the individual so as to solve the problems of the enterprises and working people not having proper decisionmaking power and of everybody eating "from the same big pot," and to bring the enthusiasm of the enterprises and working people into full play. The forms of operation and management must be suited to local conditions, to different trades and to different enterprises and be flexible and diverse. The fundamental requirements and practices for doing so can be roughly summarized into the business responsibility system with contracts as the center which is characterized by the integration of the interests of the state, the collective and the individual and the mutual relationship of the material benefits and labor achievements of the state and workers.

The system of contracted responsibilities with payment linked to output is the pioneering undertaking of the Chinese peasants. It not only abolishes the peasants' decisionmaking power and distribution according to work and overcomes arbitrariness in distribution and the separation of responsibility, authority and benefits, but also promotes the overall development of diversified undertakings and commodity production. Furthermore, the development of commodity production can further accelerate the development of the rural economy.

being self-sufficient to socialized and specialized, make the ties between production, distribution, exchange and consumption and between the cities and the countryside become closer, set higher demands on science and technology and proceed to open up before our eyes a Chinese-type path of development path of development for the countryside.

The successful experience of the rural system of contracted responsibilities with payment linked to output has given people a great deal of extremely useful knowledge. This is because the contract system has only two essential contents; first, it recognizes the decisionmaking power of the operators in management and second, it ensures the distribution according to work. These two essential parts are suitable not only for the countryside and agriculture but similarly suitable for the cities, industry and commerce. The situation in the cities and in industry is much more complicated than that in the countryside and in agriculture and the level of socialization of the former is much higher than that of the latter. We must have a full appraisal of all this. However, we must not for this reason negate the extensive adaptability of the business system of contracted responsibilities. In the business system of contracted responsibilities of industrial enterprises, we have found out some initial ways and methods. In accordance with the different conditions of big, medium and small-sized enterprises, diverse forms can be adopted, such as the system of contracting the delivery of profits to the state, the substitution of taxes for delivery of profits and the collective contracting. The reform of the mode of operation and management enables the concrete form of the relations of production to be more suited to the requirements of the development of China's productive forces and to become more distinctively Chinese.

3. The Different Forms of Regulations by Market Mechanism

Through the exploration and summing up of experience over a considerably long time, China's national economy is adopting three management planning and regulatory forms in order of priority which condition and complement each other. They are mandatory planning, guidance planning and regulation by market mechanism. Generally speaking, the planned economy plans a leading role while regulation by market mechanism plays a supplementary one. Ours is a big country. It is very dangerous for the state not to concentrate certain amounts of financial and material resources and not bring the matters of great importance to the state under control, instead allowing each to go his own way and letting things develop blindly. However, we must not shut our eyes to the fact that we operate the planned economy under the condition of commodity production and currency exchange. This is vastly different from the planned economy of future communism. The present situation requires us to give consideration to the requirements of the law of value and to make rational and full use of the role of economic levers, whether we adopt mandatory planning, guidance planning or regulation by market mechanism. In the past the reason why we failed to display Chinese characteristics in the sphere of the planned economy lay mainly in the fact that we attempted to regulate everything through direct or unitary planning. This practice did not conform with the commodity economic ties which did exist objectively. Therefore, what counts in the reform of the forms of management planning is how to make use of the

roles of a series of economic levers, such as pricing, profits, taxation, credit, wages and bonuses and make use of the certain regulatory role of the law of value so that they can serve the planned economy.

4. The Central Role of the Cities

With the constant development of China's four modernization program, the cities occupy an increasingly important position in the whole national economy. According to statistics, the population of the 220 big and medium-sized cities throughout the country constitutes only 10 percent of the total national figure but the industrial output value they create and the profits they hand over to the state account for 75 percent and more than 82 percent respectively. For a long time, the separation between the cities and the countryside and between the departments and regions at different levels and the implementation of the management system with the administrative levels as the main factor have cut off the internal relations of the national economy and blocked up the economic interflow between the urban and rural areas. This system far from conforms with the building of socialism with Chinese characteristics. The heart of the reform is how to bring the central role of the cities in the economic and social development into full play. In accordance with the requirements of economic development and with the big and medium-sized cities as the center, we must organize various economic regions with different characteristics and different levels and form economic networks with internal relations which combine the cities and the countryside and benefit production and make things convenient for the livelihood of the people, and carry out the practice of the cities leading the countryside and bringing along the development of the rural economy. The structure of combining the cities and the countryside is a Chinese-style form of gradually narrowing the difference between town and country and between industry and agriculture. It will surely create a new situation in China's economic and social development.

NATIONAL POLICY AND ISSUES

SET HIGH STANDARDS, RIGID DEMANDS ON ENTERPRISES

HK110320 Beijing JINGJI RIBAO in Chinese 1 Apr 83 p 1

[Editorial: "High Standards and Rigid Requirements Must Be Set for the Enterprises"]

[Text] One of the important experiences achieved by the Daqing oilfield is that they have persisted in setting high standards and rigid requirements.

Today, when we are carrying out structural reform in economic management, it is particularly necessary to advocate and carry forward the fine tradition of Daqing in setting up high standards and rigid requirements, and correcting and eliminating the style of connivance and accommodation.

Due to the influence of the "leftist" mistakes in the guiding ideology of economic work over a long time, and what is more, because there were a number of cadres who lacked proper scientific knowledge, the economic management of many enterprises was backward and their economic results poor. Although we have achieved successes in the reorganization carried out in the past few years, the problem is not fundamentally solved. There is a considerable number of enterprises throughout the country that have not yet topped the highest level in history in their technical and economic quotas, and enterprises that incur losses still constitute a substantially large portion. There are particularly large numbers of backward enterprises that still have a clear conscience in depending on the labor achievements of others to maintain their existence. The fundamental solution of this problem lies in carrying out reform in a guided and step-by-step manner.

At present, the substitution of taxes for delivery of profits implemented in state enterprises is a major reform and also the orientation for reform. Its purpose is to fundamentally solve the problem of "everybody eating from the same big pot" so that enterprises have their responsibilities, rights and benefits, and those who have done well get more, while those who have done poor get less, and where the advanced are genuinely rewarded and the backward urged on.

In order to implement the substitution of taxes for delivery of profits, we must persist in setting high standards and rigid requirements. We must actively support and encourage those enterprises that have done a good job in

management, made great contributions to the state and are advanced in all fields of work. We cannot support, tolerate or yield to those enterprises that have failed to do a good job in management, have poor economic results and are backward in all fields of work. There is no reason for (finance) and tax departments to give preferential treatment or be gentle to these enterprises. We must definitely embody the spirit of rewarding the diligent and punishing the lazy. It is impermissible to easily get benefits because this is neither advantageous to the state nor the enterprises. We cannot be lenient particularly to those enterprises that engage in dishonest practices, infringe upon the interests of the state and go against the will of the people. In addition to motive force and vigor, reform has also put pressure on enterprises, because only with pressure can enterprises give full play to their motive force and vigor.

It is essential to set more strict requirements on commercial and service trades. As the capitalists keep their word, it is more important for our socialist commerce to set up a fine business ethics system. Besides correctly dealing with the interests of the state, enterprise and individual, it is also necessary for commercial enterprises to correctly handle the relationship concerning the interests of the consumers. The phenomena of infringing upon the interests of the state and consumers should never be allowed to exist.

The Chinese people are wise and diligent. Provided we set high standards and rigid requirements, everything can be done well. We are confident that by setting high standards and rigid requirements for enterprises, and with rational economic policies, protecting and carrying forward the enthusiasm of enterprises, it is definitely possible for the enterprises to raise the economic results in a big margin and make greater contributions for the state.

NATIONAL POLICY AND ISSUES

SHANGHAI MAYOR'S GOVERNMENT WORK REPORT

OW101053 Shanghai WEN HUI BAO in Chinese 30 Apr 83 p 1

[Report by Shanghai Mayor Wang Daohan on the work of the Shanghai Municipal People's Government delivered at the First Session of the Eighth Shanghai Municipal People's Congress on 22 April 1983]

[Excerpts] Fellow deputies:

On behalf of the Shanghai Municipal People's Government, I now report on its work to this congress.

In accordance with the grand strategic objectives put forward by the 12th CPC National Congress and the Sixth Five-Year Plan approved by the Fifth Session of the Fifth NPC, the municipal people's government has put forth at the current session the Draft Sixth Five-Year Plan for Shanghai's economic and social development. Work on this draft was started in 1980. It has been revised several times in the course of drafting when the annual plans were formulated. The implementation of the 1981 and 1982 annual plans, which were approved respectively by the third and fourth sessions of the previous municipal people's congress, was previously reported to the municipal people's congress and made public. The 1983 annual plan has been implemented after approval by the fifth session of the seventh municipal people's congress. I now submit the Draft Sixth Five-Year Plan for Shanghai's economic and social development to fellow deputies for examination.

My report will mainly review the work of the municipal people's government since 1980 and put forth the requirements for Shanghai's economic and social development for some time to come, as well as the primary tasks and measures for the final 3 years of the Sixth Five-Year Plan.

1. The Work Since 1980

The Shanghai Municipal People's Government was revived in 1980. Under the correct leadership of the party Central Committee, State Council and Shanghai Municipal CPC Committee, in the past 3 years we have resolutely implemented the line, principles and policies formulated by the party since the convening of the 3d Plenary Session of the 11th CPC Central Committee,

earnestly carried out the important policy decisions on further readjusting the economy and achieving greater political stability and, especially under the encouragement and guidance of the spirit of the 17th CPC National Congress, stored great achievements in the work in all fields as a result of the rising enthusiasm in socialist construction of cadres at all levels, people from various circles and the masses of people in the municipality.

In industrial production, we have, in accordance with the state plan and market needs, readjusted the production ratio between means of production and means of subsistence, thereby maintaining the growth rate and raising the economic results. The value of gross industrial output totaled 83.87 billion yuan in 1982, an increase of 14.8 percent over 1979, an average annual increase of 4.7 percent. In light industry output value, we have achieved an annual increase of 8.2 percent thanks to efforts during readjustment in controlling the products in excessive demand and the vigorous promotion of the production of consumer goods needed by domestic and international markets. In heavy industry, production has picked up after a decline, as a result of the efforts during the readjustment to improve the direction and expand the scale of services; and the output value last year exceeded that in 1979. A total of 1,839 factories and enterprises in the municipality have adopted the economic responsibility system with the practice of profit-retention as the main form, while nearly 100 factories have trial-instituted the substitution of a tax system for delivery of profits. Owing to the increase in economic results in the past 3 years, the general energy consumption rate per unit of industrial output value has decreased by 9.9 percent, while the circulation of funds has been speeded up and the cost of comparable products has been cut. The railway, highway, water navigation and aviation departments fulfilled or overfulfilled the state transportation plan last year with a total of 215 million metric tons of freight transported and 89 million metric tons loaded and unloaded in the harbor, topping 1979 respectively by 7.9 and 7.3 percent.

In agriculture, there has been a fairly big spurt in production, thanks to efforts to follow the correct guiding principle of giving priority to agriculture and planned economy, establishing and improving various forms of output-related systems of contracted responsibilities and those relating to agricultural science and technology. The gross value of agriculture, forestry, animal husbandry, fishery and sideline production totaled 21.1 billion yuan last year, topping 1979 by 18.4 percent, an average 5.3 percent annual increase. The grain output reached 4.37 billion jin; rice, 3.33 million dan; and cotton, 1.61 million dan. These were all fairly good results. The output of pigs, poultry, eggs, vegetables and watermelons increased and reached all-time records, basically ensuring the supply for urban areas. Commune- and brigade-run industries have also achieved progress in the past 3 years with a total output value of 1.2 billion yuan last year, representing an annual increase of 11.8 percent. The total industrial and agricultural output value achieved by the state farms last year was 610 million yuan, an increase of 15.2 percent over 1979 and average annual increase of 10.6 percent.

According to the state plan, fixed investment has been restricted and the scale of construction has been put under strict control. The investment funds for construction of production facilities, besides having been used for the first phase construction work of the Baoshan Iron and Steel General Plant and the second phase construction work of the Shanghai Petrochemical General Plant--key state construction projects--were mainly used for transforming present enterprises and developing industrial enterprises for the production of consumer goods. Of the first group of 133 important technical transformation projects approved by the state in 1982, 66 projects were completed.

Efforts have been made in developing domestic and foreign trade and promoting economic cooperation between and consolidation of the industrial and trade departments and between industrial and commercial departments. Efforts have also been made in promoting the circulation of consumer goods according to the changes in domestic and foreign markets and increasing marketing channels. In 1982, the total value of industrial products shipped to various places was 11.38 billion yuan and the total value of consumer goods sold in Shanghai through retail outlets was 9.73 billion yuan, an increase of 12.7 and 28.5 percent respectively over 1979. The total value of products procured for foreign trade in Shanghai during 1982 was 9.17 billion yuan, an increase of 38.6 percent over 1979.

Shanghai has been constantly expanding economic and technical cooperation and exchanges with other localities and foreign countries. The development of Shanghai's economy always depends on vigorous support by fraternal regions. In recent years, Shanghai has strengthened economic and technical cooperation with fraternal regions.

Regarding economic and technical cooperation with foreign countries, Shanghai concluded 404 agreements on using foreign capital totaling \$380 million as of the end of last year in the forms of joint ventures, cooperation in operations and compensatory trade. Some of those projects have already been put into operation.

In 1982, Shanghai received many guests and tourists from foreign countries and Hong Kong and Macao totaling some 370,000 persons, an increase of 74 percent over 1979.

Shanghai has made relatively great progress in using science and technology in economic construction. During the past 3 years, scientific and technological personnel in Shanghai scored more than 1,800 major achievements. Most of those achievements directly served production and people's living.

Shanghai has also made new achievements in developing cultural, educational, public health and sports work. Schools of higher learning in Shanghai increased their enrollment; and the total number of students studying at various institutions of higher learning reached 84,600 last year.

People's living standards have been constantly rising in Shanghai. The state has increased wages for staff members and workers in the form of

restructuring, reorganizing and upgrading the economy. In the process of promoting coordinated economic and social development, it is essential to develop economic cooperation and trade externally and strengthen economic integration internally. It is also necessary to transform old enterprises and the old city, open new fields in economic, scientific and technological construction and strive to create a new situation in the socialist modernization of Shanghai.

To meet the above demands, it is essential to proceed from Shanghai's existing position and foundation in socialist construction. Shanghai has over 50,000 industrial, commercial, transportation and service enterprises, employing some 5 million workers and staff and over 300,000 technical and professional personnel. The city has also over 30,000 agricultural production teams, with a rural labor force of over 2.8 million. Shanghai is a comprehensive old industrial base with a diverse spectrum of industry, comparatively convenient cooperation relations and a solid economic, scientific and technological foundation. Situated in the economically better developed Changjiang Delta, maintaining close ties with the fraternal provinces, municipalities and the autonomous regions and possessing superior port facilities and communications, Shanghai is an important domestic and international hub city and harbor. With a high concentration of institutes of higher learning and scientific research units, and a considerable scale of financial organizations, commercial networks and service facilities, Shanghai municipality is the economic, scientific, technological and cultural center of the nation. By fully and effectively utilizing these superior conditions and the existing foundation under the new historical conditions, Shanghai can surely play a more active role in contributing to the nation's socialist modernization.

In the meantime, however, we should note Shanghai's problems in economic and social development. The equipment and technological level of a number of industrial enterprises fall far behind those of industrially developed countries. Supplies of energy, as well as raw and other materials, are inadequate to meet the requirements of boosting production to a great extent. Our present port facilities and railroads are being used to capacity and cannot take on additional work. Industrial enterprises are not properly located, because 70 percent of them are in urban areas. In the city, a lack of space is felt, traffic is congested, and housing is insufficient. Moreover, with large quantities of waste water and gas being discharged from industrial plants and with inadequate waste-disposal facilities, the environment is seriously polluted. All these limit the role of the above-mentioned favorable conditions and advantages.

Analysis of our current situation, with a view to developing the economy, indicates an urgent need: We should take positive steps to figure out a new way to fully utilize favorable conditions and advantages and correct shortcomings with the end of promoting coordinated economic and social development. This new way is what we have stated above. It is to develop economic cooperation and trade externally, strengthen economic integration internally, transform old enterprises and the old city, and open new fields of economic, scientific, technological and construction work.

Go all out to develop economic cooperation and trade externally. We should implement the open-door economic policy. It is necessary to strengthen coordination between industrial and foreign trade enterprises, as well as cooperation between Shanghai and other localities. Efforts should be made to develop competitive technology-intensive products and to adopt diversified, flexible ways to open and expand our international market. Under the guidance of the unified state plan, we should actively develop economic and technological exchange with foreign countries.

Actively carry out economic integration internally. Cooperation and integration between different localities is a major measure in giving full play to their favorable conditions, using their strong points to make up for each other's shortcomings, coordinating supply, production and sales work, raising benefits to society and supplementing the state plan. Relevant work is in progress. Based on the relevant policies established by the central authorities, we have formulated the following principles: 1) We should keep to the principle of coordinating all activities of the nation, like moves on a chessboard, and arrange for cooperation according to each unit's specific conditions in the interest of economic readjustment. 2) We should insist on mutual benefits to stimulate the interests of both sides in joining cooperative undertakings. 3) The fundamental tasks should be the transformation of existing enterprises and the development of their advantages. 4) Stress should be put on the need for feasibility studies in planning a project, and attention paid to the economic benefit the project will produce. 5) Stress should also be put on learning from each other and imparting and exchanging technological and managerial experience in a systematic way.

Speed up the transformation of old enterprises and the old city. In accordance with the instruction of the central authorities on importing thousands upon thousands of new technologies to transform our small and medium-sized enterprises, we should see to it that Shanghai's industry, agriculture and various trades and professions are taking accelerated steps to transform themselves by applying new technologies. In particular, during 1983-1985, while keeping to the principle of self-reliance in the main, we will start some 1,000 projects to transform existing enterprises by using foreign capital and imported new technologies. These projects cover mainly the advanced technologies and key equipment for precision alloys, engineering plastics, electronics industry, precision machine tools, household electric appliances, photographic materials, food processing industry and finishing processes for textiles. The work of industrial technological transformation should be carried out in conjunction with the transformation of the old city. At the same time, the locations of industrial enterprises and the layout of the city should be readjusted.

We should undertake development in a planned and selective way. Our tentative plan for the development of production, science and technology, new harbor and urban areas gives priority to the following projects:

- 1) Energy--to conserve and make multiple use of energy, develop new energy sources, such as nuclear power plants, and develop clean, efficient and high-efficiency electric power station equipment and offshore oil rigs;

2) Communications--To expand railroad facilities, build main suburban rapid-transport roads, develop new harbors, install numerical-control telephones and adopt optical fiber communications techniques;

3) Raw and processed material industry--to develop superior high-grade metal for precision products or other purposes and develop intensive and fine processing techniques for the petrochemical industry;

4) Electronic instrument and meter industry--To accelerate the development of electronics, computer and testing techniques, develop precision instruments and meters and promote automation in production;

5) Machine-building industry--To improve design and technology, pay attention to technological reserves and develop new-type precision machine tools and complete sets of various high-efficiency technical equipment;

6) Food, light and textile industries--To develop new technology, new products and famous-brand products with high competitive power on the international market;

7) Agriculture--to develop high-efficiency, low poison insecticides and herbicides, set up mixed fodder and combined fodder industry and develop new high-yield farming techniques producing superior crops; and

8) Urban and rural construction--To develop new urban areas, build satellite cities, counties and towns, speed up industrialization and mechanization of construction engineering and develop a new building material industry.

Recently, the State Council decided to build the Shanghai economic zone. This decision is of great significance and we resolutely support it. We will take an active part in planning the economic zone. The State Council has approved a plan submitted by the municipal people's government for Shanghai's economic relations and trade with foreign countries. It also approved a plan submitted by the State Economic Commission and the Shanghai Municipal People's Government to import foreign technology to transform Shanghai's medium-sized and small enterprises and give them added decision-making power. In addition, the central leading comrades have asked us to accelerate planning of the development of new harbor and urban districts. These important decisions and instructions are a great encouragement to us.

3. Our Major Tasks for 1983-1985

In the last 3 years of the Sixth Five-Year Plan, Shanghai should continue the policy of readjustment, restructuring, reorganization and upgrading. It should concentrate on improving economic results. It should guarantee a steady growth in production and in domestic and foreign trade, the fulfillment of the municipal revenue target and the all-round completion of the Sixth Five-Year Plan. At the same time, we should resolutely create a new situation of foreign trade, internal market, legislation, transformation and development. We should create conditions for further development

in the Seventh Five-Year Plan. I will explain our tasks in the development of production and commodity circulation, urban construction and communications, science and technology, and education and culture as follows:

Production and Commodity Circulation

We plan to bring the gross value of industrial and agricultural production up to 71.4 billion yuan in 1985, and increase the gross value of industrial and agricultural production annually by an average rate of 4 percent or more during the Sixth Five-Year Plan. Of this gross value, the total agricultural output value will be 3.5 billion yuan and the total industrial output value 71.4 billion yuan. During the Sixth Five-Year Plan, the total agricultural output value will increase annually by an average of 4.2 percent and the total industrial output value by an average of 4 percent. Under our plan, the total value of industrial products shipped to other parts of China in 1985 will be 12.4 billion yuan, up 16.1 percent from 1980; and the total commodity retail sales in Shanghai in 1985 will amount to 11.9 billion yuan, up 29.8 percent from 1980. In 1985, the total value of export commodities from Shanghai Port will be 54 billion, increasing by 17 percent as compared with 1980. Of the 1985 export commodities, the products made in Shanghai will be worth 53.2 billion to 54 billion, up 44 percent to 53.8 percent from 1980. Local revenue will reach 17.8 billion yuan in 1985 to keep pace with production growth. We should strive to surpass the above-mentioned targets in the course of implementing 1985 annual plan.

In agriculture, we will continue to implement the policy of sparing no effort in promoting grain production and diversified undertakings, and provide better service to the urban areas. The area of grain crops should be restored to, and kept at, 2,830,000 mu. We should strive to increase the unit area yield so that the total grain output in 1985 will increase by 14 percent compared with 1980.

In industry, we should further carry out readjustment and restructuring, actively rely on science and technical progress and reform our economic system. In this way, the enterprises will become more vigorous, their potential will be further tapped and the enthusiasm of their workers and staff will be further aroused.

Currently, the state has decided to shift the profit-delivery system to one of taxation in all state enterprises. We should actively undertake the shift.

In reform the commodity circulation system, we should promote cooperation and coordination between the production department and the commodity circulation department, improve their operations and expand their market. The commercial department should diversify its operations, open more channels and reduce intermediate links in commodity circulation.

We should continue to generally consolidate enterprises, stop the split and group by group, according to plan, and improve their operations and

management. This year, we should give priority to the consolidation of 120 key state enterprises, 70 percent of which must complete consolidation, according to set criteria. The consolidation of the rest should be completed next year.

Urban Construction and Communications

In 1982, an outline of the overall plan for Shanghai's urban development was finalized. This year, we should formulate an overall plan for Shanghai's urban development and related district and specific plans, based on this outline. We should work out specific steps for phasing in these plans and see to their implementation. In the next 3 years, we should give priority to easing traffic congestion and the housing shortage, overcoming environmental pollution and solving other conspicuous problems. We should make preparations to undertake transformation and development on a still larger scale and to build key projects in the Seventh Five-Year Plan.

We should make efforts to expand the cargo-handling capacity of the harbor, the railway transport capacity and the traffic-handling capacity of roads. We should use new techniques to transform and build the existing harbor districts along the Huangpu River. In the Sixth Five-Year Plan, we will renovate 5 and build 8 10,000-ton-class berths and successively build a number of cargo docks, so that the cargo-handling capacity of Shanghai Harbor will exceed 100 million metric tons in 1985. With the double-tracking of portions of the Shanghai-Hangzhou railroad and the addition of sidings, and with the expansion of the Nanxiang marshalling yard on the Shanghai-Nanjing railroad, Shanghai's railway transport capacity will exceed 40 million metric tons in 1985.

In housing construction, we plan to add 3.5 million square meters in floor space in 1983, 4 million square meters in 1984 and 4.5 million square meters in 1985.

Science and Technology

We must rely on scientific and technical progress, apply new scientific and technological achievements and constantly improve economic results in order to develop industrial and agricultural production, communications, transport and urban construction.

Natural and social sciences should closely cooperate. While stepping up the study of basic theories, we should put the stress of research and the main research force on solving key problems concerning economic and social development.

In the next 3 years, Shanghai will strive to make a breakthrough in scientific and technological research in the following respects:

- 1) Development of new techniques, with priority given to electronic and information techniques, nuclear energy and radiological techniques, new metals, chemicals, silicate and other new materials, biological engineering

and cinematographic techniques. These fields have bright development prospects. They will lead to the formation of new industrial departments and bring about overall scientific and technological progress:

1) Film techniques, primarily to improve basic parts and components, technology, testing techniques and wrapping material in order to improve the quality of products, hasten their upgrading and enhance their competitive power;

2) Agronomy and agrotechniques;

3) Medical research;

4) Urban construction and communications, such as participating in the plan to harness the estuary of the Changjiang and the Huangpu, research on environmental protection and modern architecture in order to create conditions for improving Shanghai's appearance; and

5) Social sciences.

Technical transformation should be carried out step by step, according to plan. All trades, professions and enterprises should formulate their technical transformation plans and set clear and definite emphasis and orientation for technical transformation in order to raise their technological level and improve their economic situation. We should import suitable advanced foreign technology and apply it in the technical transformation of our enterprises in a timely way in order to enhance our self-reliance.

We must also set up scientific and technological development organizations. At present, we are planning to establish various scientific and technological development centers to deal with laser application, computer software, large integrated circuits, biological engineering, post-printing dyeing treatment, medical instruments and chemical fertilizers.

The key to successful scientific and technological development lies in the training of qualified personnel. We must continue to eliminate the influence of "leftist" thinking, firmly correct the bias of looking down on intellectuals and make the whole of society respect knowledge and intellectuals.

Education and Culture

To accelerate the development of education, culture, public health, physical culture and sports is necessary to economic development. It is also an important part of the building of socialist spiritual civilization.

We should improve the quality of primary and junior high school education, attach importance to history, geography and Chinese and foreign language education, and pay attention to experimentation and practical exercises in order to lay a firm foundation of knowledge. We should attach importance to the structure of secondary education, making it closely linked with higher education.

continue to develop secondary technical and vocational education and overallly improve the quality of education.

In developing college education, we should readjust and reform college departments, courses and lessons, offer more courses on finance, economics, political science, law, management and foreign trade, and train more medical personnel. We should enroll more college students so that the total college enrollment will be 100,000 in 1985, an increase of 15 percent over 1980.

The journalistic, publishing, cultural and art departments should strive to propagate Marxism-Leninism and Mao Zedong Thought and publicize the party's line, principles and policies and socialist spiritual civilization. All newspapers, television and radio programs and publications should follow the guidelines of the 12th CPC National Congress, uphold the four cardinal principles and implement the policy of letting a hundred flowers blossom and a hundred schools of thought contend. They should strive to improve their quality and have more substantial, specific and interesting contents. Cultural workers, artists and film workers should strive to portray the image of advanced persons who create a new situation of socialist modernization. They should create more cultural and art works and films which are ideologically good and artistically charming and interesting.

The ideological and political work is a fundamental guarantee for the development of socialist construction. In order to strengthen ideological and political work, our fundamental task is to educate the broad masses of cadres and people so that they study Marxism-Leninism and Mao Zedong Thought hard in light of socialist modernization, acquire a correct stand, viewpoint and thinking and turn the party's line, principles and policies into conscious actions. Since the 3d Plenary Session of the 11th CPC Central Committee, the party Central Committee has led people throughout the country in setting things to rights, laid down a Marxist line and a series of principles and policies and proceeded from China's situation and objective realities to comprehensively and scientifically sum up historical experience. Facts show that its line, principles and policies are completely correct.

Currently, we should continue to profoundly study the documents of the 12th party national congress and set correct guidance for our work in various fields in accordance with the line, principles, policies and tasks of the party and the government in order to solve the problems concerning the thinking and understanding of the workers and staff and remove various ideological obstacles.

We should give wide publicity to the principle of ensuring the leading role of planned economy in socialist construction and the importance of supporting the construction of key projects in our country. We should display the revolutionary pioneering spirit of hard struggle. We should guide people to correctly handle relations between the state, the collective and themselves and consciously put the national and overall interest above everything else. We should advocate the subordination of present interests to

ECONOMIC PLANNING

MAYOR ISSUES POLICY ON MANAGEMENT CONTRACT SYSTEM

HK160429 Xian SHAANXI RIBAO in Chinese 12 Apr 83 p 1

[Report: "Zhang Tiemin, Mayor of Xian, Puts Forward Eight Policies for Carrying Out Contract System in Industry and Commerce"]

[Text] According to a report by Xian Wanbao, Zhang Tiemin, mayor of Xian, recently announced at the second session of the ninth Xian City People's Congress the eight policies for carrying out the contract system for management in the city. They are:

1. Different trades and different units must adopt different forms of the contract system in light of the actual situation. The contractor can be a leading group, staff members and workers, or even someone who is invited to enter a contract with an enterprise. Enterprises are allowed to call for tenders to encourage competition.
2. The contracted base and growth rate must be fixed at a reasonable high level. The principle of "the state taking the lion's share, the enterprise taking the medium-sized share and the individual taking the smallest share" must be upheld in handling the relationship between the interests of the state, the enterprise and the individual.
3. Productive units must not only contract for the output value, the profit turned over to the state and the recruitment of staff, but must also guarantee the fulfillment of mandatory plans and contracts, quality and production, sales of products, low entry and raw material consumption, production safety, good maintenance of equipment, and coordination between different tasks. Commercial units are not allowed to reduce their scope of business but have to expand it, and are not allowed to reduce the variety of their goods and service items but instead have to increase them. They are not allowed to "devote great effort to more profitable businesses while saving their energies in less profitable ones". They must strictly carry out the regulations concerning commodity prices and other policies, rules and regulations concerned promulgated by the state. They are not allowed to substitute inferior goods for quality ones, mix counterfeits with good products, give short measure, or raise the price in disguised form and thus infringe upon the interests of consumers. Those who seek illegal income by improper means or by infringing upon the interests of the state are subject to prosecution. At the same time, a contract must also cover such aspects as the service attitude, work style, service quality, sanitation and so on, of a commercial enterprise.

ECONOMIC PLANNING

'HUBEI RIBAO' CARRIES '82, '83 BUDGET REPORTS

HKQZ 740 Wuhan HUBEI RIBAO in Chinese 23 Apr 83 p 1

["Sun Zhiyuan's [1327 1807 6678] Budget Report Given at Second Plenary Session of the First Session of the Sixth Provincial People's Congress--Session Unanimously Adopts Election Methods Worked out by First Session of Sixth Provincial People's Congress"]

[Text] The First Session of the Sixth Hubei Provincial People's Congress held its second plenary session yesterday afternoon. The session heard the "Report on the 1981 Final Accounts and the Draft of 1983 Financial Budget" delivered by Sun Zhiyuan, director of the Provincial Financial Department, and adopted the election methods worked out by the first session of the Sixth Provincial People's Congress.

Pan Shenzhao, executive chairman of the session, presided.

In his report, Sun Zhiyuan said: In 1981, the province further implemented the principle of readjusting, restructuring, reorganizing and upgrading the national economy, carried out the building of socialist spiritual civilization in a deepening way and cracked down on serious criminal activities in the economic sphere, and as a result, the province made great achievements in production, construction and all undertakings. Compared with the previous year, there were increases in the provincial revenue and expenditure and the whole province achieved a balance in revenue and expenditure with a little surplus in its favor. There was a turn for the better in the situation in which the financial revenue was on the decrease for 4 years running.

In his report, Sun Zhiyuan said: The principles for arranging the draft 1983 financial budget are: to continue to implement the principle of readjusting, restructuring, reorganization and upgrading, to promote the growth of production and the improvement of economic results, to speed up the reform of the financial and taxation systems and to strive to bring about a marked increase in the provincial revenue; to rationally arrange and control the expenditure; to vigorously support the development of key development projects and ensure a balance in the financial revenue and expenditure of the whole province. The budgeted revenue of the province in 1983 will be 10 percent higher than in the previous year and the budgeted expenditure will be 12.5 percent more than in the preceding year.

ECONOMIC PLANNING

HAINAN'S LEI YU ON DEVELOPMENT PLANS

HK279906 Haikou Hainan Island Service in Mandarin 0330 GMT 26 Apr 83

[Text] SHI JIE JINGJI DAOBAO published in Shanghai recently reported details of a talk given by Lei Yu, secretary of the Hainan District CPC Committee and director of the Commissioner's Office, concerning speeding up the development and construction of Hainan Island and other related problems. When asked about the conditions for developing the island, Comrade Lei Yu said: The current situation for developing Hainan is very favorable. First, after several years of readjustment of the national economy, the state now has more means to look after the construction of Hainan; second, the specific policies and flexible measures being practiced in Guangdong and Fujian, together with the experiences of the four special economic zones already in operation, provide very good reference materials for us, and this may help us make more precise decisions without going a roundabout way; third, and this is the most important, the central authorities have really made up their minds to open up the island and have placed this on the agenda.

Regarding the specific points in the relaxation of policies for Hainan, Comrade Lei Yu said that the policy formulated by the CPC Central Committee contains the following:

1. With regard to foreign economic activities, foreign, Hong Kong and Overseas Chinese businessmen can adopt various forms of investment, such as joint ventures and wholly owned units, and run farms, forestry centers, animal husbandry units for breeding ranches. Factories, mines, single-item operations or jackknifing operations are also acceptable. With respect to these foreign investments, Hainan Island may carry out a comprehensive repayment scheme.

2. Profits tax may be waived for the first 2 years after the completion of the enterprises invested in by foreign, Hong Kong and Overseas Chinese businessmen; a 15 percent profits tax will be imposed starting from the 3rd year. As for the gains obtained from investment in the island, if they are remitted abroad through the Bank of China, the remitted portion will be taxed at a national rate of 20 percent of ordinary tax. For the first 3 years, personal production imported for use by the invested items will be completely free of tax. As for means of subsistence, with the exception of 17 commodities controlled by the state which should be taxed as stipulated, other commodities must also be taxed at 10% the ordinary tax rates. 3. There are also other items of preferential measures.

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6. Hainan and Sanya are being developed into tourist centers. The National Bureau of Tourism is actively making preparations to assist us. Tourists from Hong Kong, Macao and overseas may contact the island authorities direct for detailed arrangements.

7. The Bank of China and the People's Bank of China have decided to grant loans to Hainan at low interest rates.

8. In order to strengthen the island's unified planning, unified leadership and unified approach to external affairs, the State Council has agreed that Hainan can act as a first-grade government, and this proposal has been submitted to the National People's Congress for approval.

9. The State Council has also agreed to request the National People's Congress to make relevant resolutions, rules, and legislation for developing the island.

10. In order to meet the needs for the development and construction of Hainan, the central authorities have made corresponding reforms regarding various aspects such as planning, material, wages and finance. The reforms direct support by the central leading organs for plans issued to the island, and so on.

11. The key to the success or failure of the development of Hainan lies in the successful recruitment of capable and competent personnel. It is now decided that investment in know-how should be vigorously enhanced. The planned Hainan university is scheduled to enroll students in the forthcoming fall and the training of personnel in the field of economic management is being intensified. The function of the intellectuals should be given full play. Preferential measures will be taken for recruiting talented persons to work in the island.

more important. This method of assessing economic results for an enterprise is of great realistic significance to us in trying enterprises to be concerned about the improvement of economic results, to tap potentials and to increase income and reduce expenses.

The method of assessing economic results through direct comparison applies not only to enterprises but also to commerce, transportation, construction, agriculture, forestry, irrigation and other fields. Meanwhile, it is suited for all enterprises but also departments, areas and society as a whole. For example, people can judge the improved or reduced economic results by changes in the whole society's profit and tax rates on capital and its rate of capital turnover. But, wherever such method of assessment is used, social economic results are not the sum of an enterprise's economic results but a reflection of the state of the economy and the causes of increased or reduced economic results cannot be detected therefrom. This does not help in analyzing and handling the contradictions between the economic results of an enterprise and those of the whole society. Because areas, departments, enterprises and various economic units have their own economic interests, these partial interests are sometimes agreeable with general interests and sometimes likely to clash with general interests. Therefore, apart from the method of assessment through direct comparison, we must also have other supplementary methods of studying and assessing economic results.

"The unity of assessing interrelated factors." The socialist economy is a social mass production built on the basis of social division of labor. There are "ubiquitous" links between enterprises and between departments. Their interests and expenses affect each other. This calls for a further study of interrelated results and expenses.

Interrelated results find most prominent expression in the telecommunications department. With the development of social production, the timely relay of economic news has become increasingly important. The telecommunications department must pursue its own economic interests on the basis of the timely and accurate relay of news and can never delay the transmission just to save money or increase profit, which will cause the relevant department to suffer a loss. Also, the establishment of a coal washing factory can allow a great savings in transportation capacity. An increase in the variety of the products of an iron and steel factory and the development of alloy products can also improve the quality of machinery products. Interrelated results also appear in home economics. All these call for correct assessment, with social results in mind.

As for interrelated expenses are concerned, we can take hydroelectricity and thermal electricity for an example. In a direct comparison, the investment in hydroelectricity is much larger than in thermal electricity. We will the relevant investments in coal mines and railroad transportation, too. The difference in the amount of investment between the two is not so great. As for the investment and operation charges are concerned, the cost of hydroelectricity generation is low but, on the other hand, the maintenance of a hydroelectric station would cause an economic loss. In the socialist system, this factor should be taken into consideration when comparing the two types of power generation.

1. The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that proper record-keeping is essential for the transparency and accountability of the organization. This section also outlines the various methods used to collect and analyze data, ensuring that the information is reliable and up-to-date.

2. The second part of the document focuses on the implementation of the proposed changes. It details the steps involved in the transition process, from the initial planning phase to the final execution. This section highlights the challenges faced during the implementation and provides strategies to overcome them, ensuring a smooth transition for all stakeholders.

3. The third part of the document addresses the future outlook of the organization. It discusses the long-term goals and objectives, as well as the potential risks and opportunities that may arise. This section also includes a detailed financial forecast, providing a clear picture of the organization's financial health and its ability to sustain its operations over the long term.

4. The fourth part of the document provides a summary of the key findings and conclusions. It reiterates the importance of the proposed changes and the need for continued monitoring and evaluation. This section also includes a list of recommendations for further action, ensuring that the organization remains on track to achieve its goals and objectives.

5. The final part of the document is a conclusion, summarizing the overall findings and conclusions. It emphasizes the importance of the proposed changes and the need for continued monitoring and evaluation. This section also includes a list of recommendations for further action, ensuring that the organization remains on track to achieve its goals and objectives.

SMALL AREA OF WORK, 1954, 1955, 1956, 1957

REPORT OF THE SMALL AREA OF WORK, 1954, 1955, 1956, 1957

The Small Area of Work, 1954, 1955, 1956, 1957, is a report of the region's small area of work, 1954, 1955, 1956, 1957. The region has experienced a period of rapid growth in the last few years, and the Small Area of Work, 1954, 1955, 1956, 1957, is a report of the region's small area of work, 1954, 1955, 1956, 1957. It is necessary to make full use of the Small Area of Work, 1954, 1955, 1956, 1957, in order to make full use of the Small Area of Work, 1954, 1955, 1956, 1957.

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between government administration and enterprise management must be basically completed next year.

Ismail Amat said: The reform in the industrial administrative structure must be speeded up. It is necessary to actively promote the system of substituting tax for handing over of profits among state-run industrial, commercial, communications, and other enterprises. From 1 June 1983 on, this system must be popularized among profit-making enterprises. And the system of taking full responsibility for losses and profits and sharing out the overfulfilled portion of reduced losses according to a specific percentage must be carried out by losing enterprises.

Apart from the reforms in the administrative structure and in the economic field, he said, all fields, including politics, external affairs, labor, personnel, science and technology, education, culture, journalism, publication, public health, sport and physical culture, and so on, must uphold revolutionary spirit and take effective measures to conscientiously promote the reform.

In his report, Regional Chairman Ismail Amat put forth that it is necessary to improve further the material and cultural lives of the people of all nationalities while production is being promoted in the Sixth 5-Year Plan.

He said: The salary of some of our staff members and workers was increased in 1981 and 1982 according to the decision made by the state. The salary of other staff members and workers will also be increased step by step, and the reform in the salary system will proceed in the 3 years to come. According to the calculation in the Sixth 5-Year Plan, the salaries and other comprehensive incomes of the staff and workers of the enterprises under the system of ownership by the whole people in 1985 will be increased by 31 percent over 1980; the average salary of the staff and workers of collective enterprises will be increased by 26.4 percent; and the average income of the peasants and herdsmen in the region will be increased by 75 percent. Along with these increases, the composition of food in rural and urban areas will undergo change and the living conditions of the residents throughout the region will be further improved.

He said: In properly solving the unemployment which the youths in rural and urban areas are faced with, we must uphold the principle of vigorously promoting the collective economy while encouraging and giving aid to the individual economy, and solving the employment problem by different means including arranging jobs by labor departments, establishing enterprises on a voluntary basis and seeking jobs by oneself. It is necessary to continue to do a good job in the work of family planning so as to keep population growth under rigorous control.

CSO: 4006/471

ECONOMIC PLANNING

ISMAIL AMAT ON POINTS IN ECONOMIC, OTHER WORK

HK250246 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 24 Apr 83

[Excerpts] In his report to the first session of the Sixth Xinjiang Regional People's Congress, Regional Government Chairman Ismail Amat pointed out: We must concentrate capital to guarantee key construction projects. He said: During the Sixth 5-Year Plan, capital construction investment is to be concentrated on agriculture, animal husbandry, energy, communications, the light and textile industries, the raw material industries, and education and science. Investment in these sectors accounts for 55 percent of the total investment. Construction in agriculture and animal husbandry will be focused on water conservation projects and construction of pasture land. In energy construction, we will construct five coal mine shafts and also concentrate on solving the electric power problem for Urumqi, Aksu, Yili, Kuitun, and Hetian. In communications and transport, the focus is on the north-south Xinjiang highway and its main bridges, together with the improvement of the (Hanjiang) section.

Border area construction is an important component part of the region's economic construction. The region must care for and support this work in all respects, so that the border construction projects can be completed on time.

Ismail Amat pointed out: We must strive for still greater development of commerce and trade during the Sixth 5-Year Plan and work for a further turn for the better in the financial situation. By 1985 retail sales volume of social commodities in the region should show a rise of 50.3 percent over 1980, increasing at an annual average of 8.5 percent. While achieving self-sufficiency in grain, oil and sugar, the region will further increase its commodity self-sufficiency rate. It is necessary to take full advantage of the region's resources, and consolidate and improve traditional products. We must import advanced technology and equipment suited to economic development in the region.

Ismail Amat said: financial revenue must grow steadily during the Sixth 5-Year Plan. This requires that we vigorously develop production, improve economic results, open up more sources of revenue, increase revenue, economize in expenditures, strengthen fiscal management, strictly observe financial discipline, and block loopholes. Financial revenue should grow by annual average of 10.1 percent during the Sixth 5-Year Plan. In expenditures, we must first guarantee the necessary funds for key construction projects, and increase spending on education, science, culture and public health, and on supporting agriculture. We must also suitably take care of the needs of other sectors.

Ismail Amat said: In order to bring the region's economy to a medium level of development in the whole country by the end of the century, we must get a vigorous grasp of building socialist spiritual civilization and develop education, science, culture and public health.

CSO: 4006/471

ECONOMIC PLANNING

HUNAN PLANS MACHINERY INDUSTRY REFORMS

HK260554 Changsha Hunan Provincial Service in Mandarin 2310 GMT 24 Apr 83

[Text] The provincial machine-building bureau drew up 18 subjects for strategic development on 23 April with a view to promoting the provincial machinery industry in order to keep step with economic and structural reforms. These subjects are to be assigned to the machine-building bureaus at the prefectural and city levels, corporations, academies and research institutes and key enterprises for further study.

While summing up the achievements made in economic and structural reforms, the provincial machine-building bureau realized that there exists a few problems concerning the existing policies in the machine-building industry. First, some of the high-quality products do not sell at a good price, while no punishment is given for manufacturing in a rough and slipshod way. In policy, this does not help encourage the enterprises in raising the quality of their products. Second, there is no motive, no pressure and no actual strength to develop new products. Some policies do not encourage the development of new products, but to various degrees, have a bad effect in hampering initiative in developing new products. Third, some reorganizations along specialized lines have been going on like a locomotive pulling into the station, which is slow in motion but emits a loud whistle. As a result, in some specialized production, the more cooperation there is, the higher the cost. Fourth, duplication in construction and production in the machine-building industry is prominent. This results in waste in capital.

In order to effectively solve the problems in economic reforms which are closely related to policies and to develop the excellent economic situation of the machine-building industry in Hunan, the provincial machine-building bureau recently organized machine-building bureaus at the prefectural and city levels, specialized corporations, academies and research institutes and office heads of some key enterprises to hold a serious discussion to decide on policies and study the subjects. On the basis of a better understanding, 18 subjects for strategic development of provincial machinery industry were proposed, such as, fixing the price of products according to quality, by which good quality products will be given a higher price, and technical reforms and structural reforms in the machinery industry, and so on. The provincial machine-building bureau requires that the units assigned with the task of research present their results in the second and third quarters of the year. The head of the provincial agricultural machinery research institute has already formed a research group of five people to begin research on the structural reform in the scientific research of agricultural machinery.

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ECONOMIC PLANNING

GUANGDONG HEARS NATIONAL INDUSTRY FORUM RESULTS

HK250344 Guangzhou NANFANG RIBAO in Chinese 23 Apr 83 p 1

[Report: "Provincial Government Holds Report Meeting To Convey Spirit of National Industry and Communications Conference"]

[Text] On the morning of 21 April, the provincial people's government held a report meeting to convey the spirit of the national industry and communications conference.

Vice Governors Li Jianan and Liu Jie attended the report meeting. More than 1,600 leading cadres at and above the sub-bureau level of the industry, communications, financial, commercial, planning and capital construction departments attended the meeting.

Before the meeting was held, the Guangdong Provincial CPC Committee Standing Committee held a 2-day session to relay, study and discuss the spirit of the national industry and communications conference and Comrade Zhao Ziyang's speech at the conference.

In his speech, Comrade Li Jianan said that the current situation had been the most satisfactory since the founding of the PRC. In order to enable this kind of situation to continue to develop and in order to avoid the problem of a fine situation being short-lived, which occurred repeatedly in the past, the national industry and communications conference participants held that the key was to control the scale of capital construction and guarantee the construction of major projects. The general guideline is that we should control the scale of our capital construction, strengthen the construction of major projects and reduce our restriction of and enliven our technical renovation.

Comrade Li Jianan said that another guideline the conference put forward was that we had to speed up the progress of restructuring. Generally speaking, we should carry out the principle of "readjusting, restructuring, reorganization and upgrading." However, it is very difficult to satisfactorily carry out readjusting and reorganization if they are not combined with restructuring. At present, we should give prominence to restructuring in a timely manner and through restructuring, promote reorganization. On the other hand, readjusting and reorganization can also promote restructuring. We should strengthen our leadership and enable the good trend of restructuring to continue to develop healthily.

In his report, Shi Zhihua, deputy director of the provincial economic committee, put forward some views on the concrete implementation of the spirit in light of the reality of our province. Touching on the problem of general concern related to the substitution of taxes for profits, he said that the general principle was to correctly handle the relations between the interests of the state, the enterprise and the staff and workers and to grasp two things: One is to enliven our enterprises and the other is to ensure that the state gets the biggest slice, the enterprise gets the medium-sized slice and the individual gets the smallest slice. According to the spirit of the national industry and communications conference, in carrying out the substitution of taxes for profits we should grasp the following principles: 1) We should resolutely fulfill the financial obligation of the enterprises to the state and thus ensure the state's financial revenue. 2) In principle, the distribution of profits between the state and the enterprise should be carried out in a manner that is impartial so that for every area the present percentage of retained profit will basically be maintained. If this percentage is indeed irrational for some enterprises, it will be readjusted. 3) We should set high and strict demands on our enterprises. In distributing the after-tax profits of our enterprises, we should adopt practical policies to encourage the advanced and spur on the less advanced and enable our enterprises to actually benefit from their newly-increased profits. 4) In changing from assigning all-round responsibility for management by contracts into substituting taxes for profits, we should proceed from reality, deal with different enterprises in different ways and refrain from seeking "uniformity." He said that if we acted in accordance with these principles, we would be able to bring about a change in a relatively smooth manner and prevent the emergence of new "disturbances." Thus we will be able to remove many comrades' worries and smoothly carry out the substitution of taxes for profits.

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ECONOMIC PLANNING

LI RUIHUAN SPEAKS ON ECONOMIC COOPERATION

SK060607 Tianjin TIANJIN RIBAO in Chinese 28 Jan 83 pp 1, 4

[Speech by Comrade Li Ruihuan at the economic and technological cooperation report meeting sponsored by the State Economic Commission on 26 January]

[Excerpts] Tianjin municipality's economic and technological cooperation has gradually developed under the guidance of the correct line of the 3d Plenary Session of the 11th CPC Central Committee, the concern of the leading comrades of the party Central Committee and the State Council and the concerted efforts of fraternal provinces and cities. In order to implement the strategic policy of "opening to the outside world and enlivening the domestic economy," the municipal CPC committee and government have set up the economic cooperation leading group and the municipal people's government economic cooperation office and have decided to set up branch offices in seven key municipalities and cities, including Beijing and Shanghai. Over the past 2 years, our municipality has dispatched on several occasions 54 economic cooperation delegations, cooperative groups, investigation groups and technical service groups to carry out cooperative work with 21 provinces, cities and autonomous regions. Meanwhile, 93 economic cooperation delegations from 22 provinces, cities and autonomous regions have also come to consult on economic issues with our municipality. Through these activities, we have decided in preliminary consultations to carry out some 800 cooperative items concerning economic and technical cooperation, training of competent persons, tackling of technical problems and foreign trade and export and have concluded agreements on carrying out 200 of these. At present, our municipality has carried out economic and technological cooperation with 23 provinces, cities and autonomous regions and has established long-term cooperative relations with 14 of them. This new work, though carried out only for a short period of time, has rapidly developed. Practice has proven that economic and technical cooperation plays an important role in tapping production potential, rationally utilizing natural resources, vitalizing the economy and improving economic benefits.

1. Tianjin municipality's guiding ideological and basic methods for carrying out cooperation in various localities.

Over the past few years, we have persisted in this guiding ideology. That is, in carrying out cooperation with other localities, we have conducted our

work under the guidance of the state plans and in line with the national economic readjustment plan, made full use of the favorable conditions of various localities to tap their potential and to rationally utilize natural resources and have focused our attention on improving economic results, reforming outmoded enterprises and outdated products so as to achieve the goal that our municipality's economy will develop and improve apace with inland cities.

The three basic methods are:

a. Persist in the guiding role of the state plans.

We hold that regional cooperation is a supplement to the direct state plans, therefore, it must be carried out under the guidance of the state plans. If we deviate from the guidance of the state plans, we will work blindly, disrupt the planned economy and infringe upon the interest of the whole country.

b. In line with the economic work which is our central task, we have cooperated with other localities in order to make full use of our strong points to make up for our shortcomings and to extensively carry out integration and cooperation in all fields.

First, we have cooperated with the inland cities with rich natural resources in developing brand-name goods for export by providing them with technology and equipment.

Second, Tianjin municipality has invested a certain sum to reform outmoded inland enterprises to cooperatively develop products for export. Metallic silicon is in great demand in other countries. However, Tianjin is short of such natural resources. In order to expand exports, Tianjin has invested 2.04 million yuan to cooperate with the Jiaozuo city metal refinery to expand the production capacity for metallic silicon. This project was completed and put into production in 1982 and the output of silicon increased from 800 tons to 3,800 tons. Tianjin is responsible for exporting 3,000 tons. This will create some \$3 million for the state, and profits and taxes from the industrial trading department will increase by some 2.5 million yuan.

Third, through compensatory trade, Tianjin has made full use of rich inland natural resources by shifting to there the production of products that consume much energy. Last September, to solve the problem of a supply shortage in calcium carbide during the Sixth Five-Year Plan period, the municipal chemical industrial bureau carried out cooperation with three calcium carbide manufacturing enterprises in Shanxi Province through compensatory trade. Tianjin has provided funds and necessary technology for Shanxi Province to help reform outmoded enterprises and to expand production capacity. It was decided through consultations that the increases in the calcium carbide will be supplied to Tianjin. Over 5 years, beginning in 1983, Tianjin will receive a supply of 160,000 to 180,000 tons of calcium carbide. It is estimated that, after the fulfillment of this agreement,

the three calcium carbide enterprises in Shanxi will increase their annual output value by 17 million yuan and taxes and profits by 2.7 million yuan. Meanwhile, Tianjin, over 5 years, will reduce its power consumption by 550 million kWh and coal consumption by 270,000 tons. Both sides will benefit.

Fourth, we have carried out cooperation of subsidiary production, given full rein to the productive capacity of existing enterprises in Tianjin and rationally utilized the natural resources in the inland.

Fifth, we have cooperated with cities and the producing areas to develop nonstaple food processing industry. Previously, our municipality's beef and mutton supply was allocated by the state and transferred to our municipality from pastoral areas. Owing to the long distance, great losses and much transport funds, the supply will be short and delayed. To solve this problem, the municipal food company has cooperated with Qingyun County of Dezhou Prefecture in Shandong Province to reconstruct a discontinued small chemical fertilizer plant to set up a frozen meat processing plant with a storage capacity of 300 tons and an annual production capacity of 2,000 tons. Both sides have invested a certain amount of funds to carry out cooperative production and management. Both sides have enjoyed equal shares of profits and the meat will be supplied to Tianjin. As far as Qingyun County is concerned, this project has enabled a discontinued small chemical fertilizer plant to readjust its orientation for production, to change deficits to profits, to promote local animal husbandry development, to increase the income of commune members and to provide jobs for some 100 jobless youths. As far as Tianjin is concerned, this project has enabled Tianjin to increase beef and mutton supplies, to receive the allocation of fresh meat in a timely manner, to shorten the transport distance and to reduce losses. Compared with those meats being transferred to the municipality from the pastoral areas, each ton of beef and mutton will be (?260) yuan cheaper. Based upon the 2,000 tons of meat which has already been supplied, it is estimated that some 500,000 yuan of state financial subsidies will be saved.

Sixth, we have conducted all kinds of technical cooperation to raise the technological and managerial level and product quality of enterprises.

c. Taking each locality as one unit, we have conducted mutual support and established long-term cooperative relations with them.

In order to meet the needs of the trend of development, beginning in October 1981 up to the present, we have established long-term economic cooperative relations in the name of the government and in line with minutes of meetings, with 10 provinces and regions including Gansu, Shanxi, Ningxia, Nei Monggol, Shandong, Zhejiang, Yunnan, Guizhou, Hubei and Henan and four cities including Harbin, Shijiazhuang, Hohhot and Tangshan.

Two years of practice enables us to understand gradually that carrying out economic cooperation in various localities is a strategic issue aimed at speeding up economic development and improving economic benefits. It has opened up a new channel for disseminating, exchanging, popularizing and

transferring advanced technology and managerial experience, played a supplementary role in fulfilling the state plans, linked up the channels for enlivening the economy and explored a way for carrying out readjustment, restructuring, cooperation and transformation and system reform among enterprises.

2. What Tianjin municipality intends to do in order to create a new situation in economic cooperation in various localities.

Over the past 2 years, Tianjin has scored certain achievements in conducting cooperation in various localities. However, it still lags far behind the demands of the central authorities and the needs of the current trend. This is because we have not freed ourselves from old ideas and our work progress is not great enough. As set forth by the 12th national party congress, this is the first year for creating a new situation in all fields of socialist modernization and for implementing the new constitution to ensure a long period of tranquillity in the whole country. In line with the guidelines of the 12th national party congress and the demands of the Sixth Five-Year Plan period, in the coming year, we will strive to create a new situation in conducting economic cooperation in various localities and to add new brilliance to the great cause of the four modernizations.

First, we must emancipate our thinking and enhance our understanding. After this report meeting, we intend to hold a large-scale report meeting to relay and implement the guidelines of this meeting, to study the advanced experience of fraternal provinces and cities, to make arrangements for Tianjin's cooperative work in 1983 and to launch a municipality-wide propaganda campaign to solve the ideological problems of leading cadres at all levels.

Second, we must grasp key points and blaze new trails.

In 1983, we will focus our work on four aspects:

- a. We will conduct integration and cooperation centering on reforming outmoded enterprises and upgrading outdated products and study experience in shifting product varieties and technology to inland cities.
- b. In line with the principle of the central government on readjustment, restructuring, cooperation, transformation and reform, we will try out transregion cooperation with producers and supply and purchasing units on one or two brand-name products that play an important part in the national economy and products in short supply.
- c. We will conduct cooperation on training competent persons.
- d. We will do a good job in exchanging and transferring scientific research achievements.

Third, we must strengthen leadership and improve organizations.

CSO: 4006/505

ECONOMIC PLANNING

'RENMIN RIBAO' URGES BUILDING SHANXI ENERGY BASE

HK040923 Beijing RENMIN RIBAO in Chinese 2 May 83 p 1

[Report by Xing Fengbing [6717 7685 3521]: "Concentrating Forces on Speeding up the Construction of the Shanxi Energy Base--Departments Concerned of State Council Are Drawing up Development Plans"]

[Text] In order to speed up the development of energy and heavy chemical industry in the area centering around Shanxi and including Jungar Qi of the Nei Monggol region, north Shaanxi and west Henan, the State Council has set up a Shanxi Energy Base Planning Office to formulate plans and coordinate the relationships between various departments and between departments and areas. Recently, this reporter visited the responsible comrades of the planning office and enquired into the questions of what will be the planned prospects of this base and how we are to speed up the construction.

Major Strategic Policy Decision on Speeding up Our Country's Energy Development

The energy base centering around Shanxi has abundant reserves of coal, which is of fine quality and all varieties and easy to recover because it lies not far below the earth. The total proven reserves of coal there constitute 60 percent of all the national reserves and the coal output there accounts for one-third of the total national output. Every year, this base supplies coal for more than 20 provinces, municipalities and regions in our country and the amount of coal it supplies amounts to 85 percent of the total amount of the commodity coal in the country. If this base produces and transports out 100 million tons more coal to other areas, or if it sends 50 billion kWh more electricity out, it will provide enough additional energy to enable coal and electricity consumption areas to increase their output value by 100 billion yuan. The construction of the energy base centering around Shanxi is a major strategic policy decision for speeding up our country's energy exploitation and ensuring the realization of the magnificent goal of quadrupling our country's total industrial and agricultural output value by the end of this century.

Coal, Transport, Electric Power Production and Exploitation of Water Resources Should Develop Simultaneously

In order to speed up the development of the Shanxi energy base, we must strengthen our unified planning and do a good job of the comprehensive exploitation of coal resources and the correspondent development of communications, transport, thermal power plants and exploitation of water resources. We should add the method of utilizing coal to produce and send out more electric power and producing more products of high energy consumption to the method of sending out more coal and thus do our best to produce and send out more electricity and less coal. Of course, we still depend on railways to send out Shanxi's coal; therefore, we should give priority to railway construction, particularly the formulation of the plan for the construction of railways for sending out coal. In order to ease the pressure on railway transportation, we should make a rational division of labor between railways, roads and waterway transport and raise our capacity of combined transportation in order to achieve a sharp increase in our capacity for sending out coal. We should also pay close attention to developing the exploitation and rational utilization of our water resources so that it develops along with the development of coal, electricity transport and heavy chemical industry. The base is situated along the banks of the Huanghe River and the areas around the river are precisely where there are the most profound resources of coal. Making full use of the water of the Huanghe River will help Shanxi overcome its shortage of water. We should speed up feasibility studies and technical and economic appraisal of the relevant projects.

All the Relevant Departments Should Conscientiously Support the Construction of Key Projects

The development of the energy base centering around Shanxi is the largest energy construction project in our country. In this base, the number of projects to be developed is large, the tasks thereof are heavy and the allocated time for the construction is short, therefore, we should conscientiously deal with everything. For every project, we should carry out on-the-spot investigation and appraisal and carry out the construction by stages in a planned and systematic manner. As for the key construction projects that we have already decided on, we should speed up their construction. As for the long-term key projects, we should also organize the investigation and appraisal related to them and satisfactorily carry out the initial stage of work. In developing the base as a whole we should strive to achieve a great speed and greater economic results and prevent the malpractices of delay and buck-passing. All the relevant departments, provinces, municipalities and regions should conscientiously support the construction of key projects and coordinate their work in doing so. For large construction projects, the various departments of coal, electricity, transport and water should set up headquarters and in each area where large-scale construction is to be carried out we should set up a general headquarters. During the construction of the energy base, we must pay attention to the reform in our economic management system. We should

study the economic, technical and other relevant policies and give play to the initiative of all circles.

Recently, the leading comrades of coal, railway and electricity departments and the responsible comrades of the energy base planning office have gone deep in the base one after another to make investigation and study, solicit the opinions of all people and further satisfactorily grasp the planning work related to the key construction projects.

CSO: 4006/505

CONSTRUCTION

'RENMIN RIBAO': RELY ON MASSES TO HARNESS HUANGHE RIVER

HK201134 Beijing RENMIN RIBAO in Chinese 19 Apr 83 p 1

[Editorial: "New Experience in Relying on the Masses in Harnessing the Huanghe River"]

[Text] Luliang and Xinxian Prefectures of Shanxi Province, which are situated on the loess plateau in the middle reaches of the Huanghe River, have achieved good results in harnessing small river basins under the system of contracted responsibilities on the household basis, with payment linked to task completion, and in mobilizing thousands of households to carry out water and soil conservation and to improve the ecological environment. This has provided a new experience for protecting the soil in the middle reaches of the Huanghe River and for speeding up the economic development in the mountainous regions.

The land in the two prefectures is in poor shape, and the loss of soil is quite serious. Thousands of gullies and ravines must be filled in. The area of small river basins here is ordinarily several square kilometers to dozens of square kilometers. Looked at from a small part, these river basins seem to be small ditches which do not draw people's attention. But they cause serious damage when tens of thousands of small river basins flow into the Huanghe River carrying a huge amount of sand. In Luliang prefecture, for example, there are 300,000 small river basins. One small river basin washes away 100 tons of soil a year. In this way, 30 million tons of sand flow into the Huanghe River a year. The silting of soil and sand is the fundamental reason why the Huanghe River is difficult to harness. Seventy percent of the soil and sand in the Huanghe River comes from the Xuajin Gorge and the Jingwei River Basin, both situated in the middle reaches of the Huanghe River. To control soil erosion here is the fundamental method to harness the Huanghe River. Serious soil erosion is also the reason why the land in these places is becoming infertile and why agricultural ecology and the people's living conditions are deteriorating. Therefore, harnessing small river basins one by one and controlling soil erosion are important matters in permanently harnessing the Huanghe River and in bringing happiness to future generations.

The party and government have made great efforts in controlling soil erosion in the middle reaches of the Huanghe River. Certain achievements have been made, and there have been many typical examples of successfully harnessing small river basins. But on the whole, harnessing work has not proceeded fast enough. One of the main reasons is that in some places, harnessing work is

not closely linked with the interests of the masses and has not become the work of the masses. On the contrary, the state has to pay for the work done and must create example. Sometimes they even solely rely on the state. The phenomenon of "work done depending on the amount of money paid" has emerged. They like to do things on a grand and spectacular scale. Maintenance and management work lags behind. They damage small river basins while harnessing them. Therefore, work efficiency is low.

Luliang and Xinxian prefectures are carrying out the system of contracted responsibilities on the household or joint-household basis, with payment linked to task completion in harnessing small river basins. They have overcome the above shortcomings and ushered in a new situation in harnessing work. This method has the following advantages: First, it is suited to the characteristics of decentralized management in mountainous rural areas under the system of contracted responsibilities with payment linked to task completion. It is closely linked with the personal interests of the peasants, and conforms with the masses' urgent wish to become prosperous. Second, it is beneficial to the rational use of land resources and to the development of a diversified economy, so that the masses can have immediate as well as long-term interests. Third, it is beneficial to arranging surplus labor force in the rural areas to carry out necessary labor accumulation. Fourth, it is beneficial to closely combining the harnessing of key river basins with the overall harnessing of small river basins, to speeding up construction speed, to guaranteeing harnessing quality and to consolidating harnessing results. In short, under the situation that our collective economic strength is weak and state investment is limited, it is beneficial for the state, the collective and individuals to encourage the peasants to carry out water and soil conservation work in the spirit of self-reliance.

It is worth popularizing in the Huanghe River basin, especially in the extensive area in the middle and upper reaches of the Huanghe River, the experience in harnessing small river basins under the system of contracted responsibilities on the household basis. Leading organs at all levels must continue to emancipate the mind, boldly break away from the "leftist" shackles, enthusiastically support the practice of the masses and constantly sum up experience in practice so as to enrich the experience. Harnessing uncultivated ravines and mountains is part of the exploitation business. It takes time and labor to get results. Therefore, policies must be relaxed and the contract period must be long. Some places can fix the contract period from 30 to 50 years. We should resolutely carry out the policy of "he will benefit from what he harnesses" and the policy of inheritance. The ownership rights of trees the peasants have contracted to plant must be propagated and must remain unchanged for a long time to come. In harnessing small river basins under the system of contracted responsibilities, we must be practical and must contract harnessing tasks according to our ability. Moreover, we must strengthen technological guidance and carry out overall harnessing under a unified plan to combine economic results with ecological balance. In carrying out the system of contracted responsibilities on the household or joint-household basis, a contract must be signed and conscientiously implemented. Harnessing results must be carefully inspected so as to guarantee the quality of harnessing. In contracting the task of harnessing small river basins, we

must emphasize self-reliance. The departments concerned should give financial, material and technological support so as to change, as early as possible, the masses' enthusiasm for harnessing into harnessing action to obtain early results.

It can be expected that following the popularization of the method of harnessing small river basins under the system of contracted responsibilities on the household basis, thousands upon thousands of peasant households will rise to harness gullies and ravines and through a long period of arduous work, we will be able to control soil erosion in the middle reaches of the Huanghe River, change the poor features of the loess plateau area and promote economic prosperity in the mountainous regions.

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LABOR AND WAGES

'GONGREN RIBAO' ON ENHANCING TRADE UNIONS' ROLE

HK120723 Beijing GONGREN RIBAO in Chinese 1 Apr 83 p 1

[Editorial: "Firmly and Unswervingly Turn Trade Unions Into 'Homes of Workers'"]

[Text] The eighth enlarged meeting of the Ninth Standing Committee of the All-China Federation of Trade Unions has ended successfully. This meeting has conscientiously and deeply discussed and come to understand the CPC Central Committee's important instruction on trade union work, reviewed the main process of the development of the trade union work throughout the country since the "Ninth National Congress" of the federation, studied the problems related to the reform in the structure, system, work methods and work style of trade unions and reached decisions on matters related to the convening of the "10th National Congress" of the All-China Federation of Trade Unions. The meeting calls on the trade union organizations at all levels to take vigorous actions to create new achievements and experiences in order to greet the victorious convening of the congress. This meeting was of great significance in the creation of a new situation in trade union work.

During the past few years, under the leadership of the party, the trade union organizations at all levels have been restored and rectified throughout the country. These organizations have started to forge ahead anew, have done much work and have scored relatively great achievements. The large number of basic-level trade union cadres and trade union organs have worked particularly hard and not be upset by criticism and have enthusiastically done many good things for the masses of staff and workers. This has played a great role in strengthening the ties between the party and the masses. However, for a long time in the past, the trade unions suffered the interference of erroneous "leftist" ideas. These "leftist" ideas are mainly displayed in neglecting the special features of trade unions as a kind of mass organization and thus turning trade union organizations to some extent into administrative organizations, divorced from the masses. During the past few years, we have made efforts to overcome this malpractice, but we still cannot say that we have already completely changed this situation. Our trade unions, in their capacity as mass organizations, must pay great attention to and resolutely and completely solve this problem.

At present, our trade unions are faced with the formidable task of creating a new situation. What should we start with in order to open up a new situation in trade union work? The most fundamental thing for us to do is to resolutely

implement the correct policy prescribed for trade union work by the CPC Central Committee, to represent and work for the interests of the working class under the leadership of the CPC and really turn trade unions into "homes of staff and workers" that maintain close ties with the masses of staff and workers and enjoy their confidence and support.

The nature of our trade unions determines that they should do that. Our trade unions differ from both party organizations and government and economic organizations. They are mass organizations led by the party and formed by the working class on a voluntary basis. Why are the masses of workers willing to form these organizations on a voluntary basis? What is their demand in forming these organizations? They demand that the organizations represent and safeguard their interests. This is the objective basis and the reason for the inevitable emergence and long-term existence of our trade unions. Even under our socialist conditions, this objective basis also exists. In the past, "leftist" ideology denied this objective basis and regarded the practice of our trade unions representing and safeguarding the interests of the workers as "syndicalism" or "economism." This caused great losses to our trade union work. We must always remember this lesson.

In order to turn our trade unions into "homes of workers," we have to do a lot of work. However, the chief things we should grasp are in the following three aspects: 1) We must proceed from the distinguishing features of trade union organizations as mass organizations led by the party, earnestly serve and do actual good things for our staff and workers and thus give play to their initiative. 2) We must safeguard the fundamental interests of the staff and workers, bravely support the healthy trends and ban unhealthy trends and play a positive role in the life of our society and state. 3) We must cater to the needs of the basic level organizations and of the staff and workers, strengthen our close ties with the masses and reflect the voice and demand of the staff and workers. If we grasp these three aspects, we will have grasped the most fundamental and important links in trade union work, our work will become increasingly rich and lively in content and our path will become increasingly wider.

Since the "Ninth National Congress" of the All-China Federation of Trade Unions, the CPC Central Committee has paid great attention to, shown great concern for and given many important instructions on trade union work. The CPC Central Committee policies have been consistent and clear-cut. The problem now is that we must heighten our consciousness and determination in implementing these policies. Our trade union organizations at all levels and every comrade engaged in trade union work should continue to emancipate their minds, eliminate the influence of "leftist" ideology, clearly realize the significance duties assigned to them by the new historical period and justly and forcefully do their work according to the CPC Central Committee's instructions. They should not be swayed by some incorrect opinions or criticism, nor should they lose confidence because they encounter some temporary resistance and setbacks in their work. Our trade union activists should correctly and repeatedly relay and publicize the party Central Committee's policies on trade union work in order to enable these policies to be mastered not only by trade union activists, but also by the comrades who work in other areas. Thus, they will enable the

party organization to continue to strengthen their leadership over trade union organizations and make administrative and economic organizations continue to support the development of trade union work. The process of the development of things often undergoes twists and turns. In doing trade union work, we should be good at making progress in the course of struggle. We should not evade contradictions but should correctly handle all kinds of contradictions we encounter. In doing our work, we should have much vigor and have the zeal to make breakthroughs. Once we have broken away from the fetters of the "leftist" ideology and from the old conventions, a brand new situation will emerge in our trade union work.

Now, we have only half a year of time left before the 10th National Congress of the All-China Federation of Trade Unions is held. We must satisfactorily convene this congress and turn it into a congress that serves as a link between the past and the future and that carries forward the cause started by our predecessors and forge ahead into the future and turn it into a new starting-point to urge our trade union work to stride ahead. Every comrade engaged in trade union work should have a strong sense of responsibility and urgency, write his thinking with the instructions of the CPC Central Committee, implement these instructions in practice, conscientiously improve his work, study new situation and conditions, solve the new problems that have cropped up in trade union work, sum up his new experience gained under the new historical conditions and greet, with new achievements and situation, the 10th Congress of the All-China Federation of Trade Unions and the arrival of a new stage in the history of our country's trade union movement.

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LABOR AND WAGES

TRADE UNION MEETING DISCUSSES FUTURE WORK

HK102721 Beijing GONGREN RIBAO in Chinese 1 Apr 83 p 1

[Report: "Eighth (Enlarged) Meeting of the Ninth Standing Committee of the All-China Federation of Trade Unions Discusses Guidelines for Trade Union Work"]

[Text] Trade unions should be the mass organizations that represent the interests of and work for the working class under the leadership of the CPC. This was the key theme warmly discussed at the Eighth (Enlarged) Meeting of the Ninth Standing Committee of the All-China Federation of Trade Unions.

This (enlarged) standing committee is aimed at making preparations for the 10th National Congress of the federation. The meeting focused on studying and discussing the CPC Central Committee's instruction on continuing to improve trade union work, reviewed the trade union work since the "Ninth Congress" of the federation and spent much time discussing the principles, tasks, style and methods of trade union work during the new period. The meeting was of the opinion that achievements had been the main aspects of the trade union work since the "Ninth Congress" of the federation and that in particular the large number of basic-level trade union cadres and activists had done a large amount of work with enthusiasm and thus had performed many good deeds for the masses of staff and workers. However, because of the serious interference of the "leftist" guiding ideology in trade union work since the founding of the PRC, there has been an outstanding problem in the current work of the trade unions. Those who participated in the meeting were of the opinion that this problem was particularly marked in the practice of neglecting the special features of the trade unions as mass organizations of the working class and of being, to some extent, divorced from the masses of staff and workers. Therefore, we must continue to eliminate the influence of the "leftist" ideology, clarify the nature, tasks and principles of the trade unions and focus on solving the problems of strengthening the ties with the masses and speaking and working for the workers.

After warm discussion, the meeting reached the conclusion that it had to clearly and definitely uphold the view that trade unions are mass organizations representing the interests of and work for the working class under the leadership of the party. In doing trade union work in the future, our trade unions should proceed from their special features as mass organizations under the leadership of the party, earnestly work for the staff and workers, do good things for them

give play to their initiative. Our trade unions must safeguard the basic interests of the staff and workers, bravely support the healthy trends and fight against unhealthy practices and play a positive role in the life of the state. They must cater to the needs of factories and workers, strengthen their ties with the masses, reflect the voices and demands of the staff and workers and really turn trade union organizations into "homes of staff and workers" and "friends of workers." All participants of the meeting are of the opinion that only by conscientiously doing so can trade unions really win the confidence and support of the masses of staff and workers. Under the new situation, only in this way can trade unions rally staff and workers around them and lead them to strive for the creation of an all-round new situation in socialist modernization.

The comrade on the standing committee are of the opinion that from now on, the trade union organizations at all levels must conscientiously study, publicize and implement the CPC Central Committee's instruction on the improvement of trade union work, pluck up their spirit and strive to create a new situation in trade union work in order to greet the "10th Congress of the trade unions."

The meeting has approved relevant resolutions on the allocation of quota of representative to the 10th National Congress of the All-China Federation of Trade Unions and the matters related to the election of the representatives.

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LABOR AND WAGES

'RENMIN RIBAO' DISCUSSES LABOR SYSTEM REFORM

HK130716 Beijing RENMIN RIBAO in Chinese 11 Apr 83 p 5

[Article by Zhao Lukuan [6392 1462 1401]: "Also Talk About Reforming the System of Labor Employment"--passage within slantlines denotes published in boldface]

[Text] Recently, RENMIN RIBAO published two articles concerning reforms on our country's labor employment system: "Open Up a New Prospect in Labor Employment in Cities and Towns" by Zhao Shouyi (8 December 1982) and "Exploratory Views Concerning the Institution of the Labor Reserve System" by Zhang Qidong and Sun Keiliang (23 February 1983). I think that these two articles are convincing and should be valued. Here, I would also like to say something about the question of reforming the labor employment system.

As we all know, before the mid-1950's, we adopted the "two-door" labor employment system, that is, laborers were encouraged to seek employment themselves in addition to planned arrangements for employment made by state labor and personnel departments. This system played a positive role in increasing employment, developing the economy and improving people's livelihood. It is a pity that later our labor employment system became more and more ossified. During the "Great Cultural Revolution," it even became a monopolized employment system under which "there was only recruitment and no dismissal" and "there was no difference between working hard and being lazy." The "central cultural revolution group" stipulated: "No unit is allowed to recruit people without authorization." It followed that all newly-grown laborers in towns and cities were to be taken care of by the state (but in fact the state was unable to do so). Anyone who had been assigned by the labor and personnel departments to an enterprise or institution owned by the whole people could eat out of "the same big pot" for the rest of his life and no matter how he worked, he would receive standard wages which were "basically equal." This system seriously dampened the socialist enthusiasm of the broad masses of laborers and caused an enormous waste in manpower and materials. Obviously, the labor employment system in towns and cities in our country had gone into a "blind alley" and had to be thoroughly reformed.

In August 1980, the work conference concerning labor employment held by the CPC Central Committee formulated a new policy for labor employment--adopting a relaxed policy, widening avenues and integrating appointment by labor and personnel departments with the method of organizing laborers to provide more

jobs and laborers seeking employment themselves. This is a correct policy which completely suits our country's situations. However, for various reasons, some localities have not made enough efforts to implement the above decision of the CPC Central Committee. In order to create a new situation in labor employment, we should, at present, energetically develop the true collective economy, appropriately develop the individual economy and increase the percentage of employed people in the collective economy and individual economy of the total number of employed people in towns and cities. In the above-mentioned article, Comrade Zhao Shouyi said: "It is something extremely good if our collective units absorb a portion of the staff members and workers in state-run units and if the excessive workers in state-run enterprises can be transferred to collective units." This really shows foresight.

An important feature of the socialist economy with Chinese characteristics is taking the state-run economy as the guiding factor and supplementing it with the collective and individual economies. The great vitality of our country's collective economy lies mainly in the principles of assuming sole responsibility for profits and losses and to each according to his work. Besides, it also has other advantages, such as flexibility in recruitment and dismissal, numerous widely-distributed points, smallness in size, great adaptability to the market and so on. The individual economy in our country at the present stage exists as a necessary supplement to the socialist publicly-owned economy. It plays a considerable role in increasing labor employment and providing greater convenience to the people.

The purpose of reforming our country's labor employment system is to realize socialist ample employment. (Note: According to bourgeois economists, the concept "ample employment" does not exclude unemployment to a certain extent. We cannot accept this deceptive concept. Ample employment which a socialist state strives for should have two meanings: Microscopically speaking, each able bodied person who wants to be employed can engage in social labor which he is capable of doing and receives payments for his labor accordingly. Macroscopically speaking, manpower is rationally utilized throughout the country). To arouse people's enthusiasm in labor and to increase social economic results. In order to gradually attain this goal, I think that reforms in the labor employment system should be carried out according to four principles.

//First, integrating microeconomic results with macroeconomic results.//

Microeconomic results are the basis of macroeconomic results and macroeconomic results are the guarantee for microeconomic results. In our socialist country, we must try our best to increase employment so that those who are waiting for a job will be employed steadily and in a planned way. At the same time, we must continuously raise the labor productivity of those who have been employed and avoid the phenomenon of using five people doing the work of only three because this phenomenon means a waste of manpower and corrodes the quality of the laborers.

//Second, integrating selective recruitment of the best and having the right to choose one's own job.//

In order to make the best use of manpower at the socialist stage, enterprises and institutions should have certain powers for recruiting people from among the best and laborers should also have certain freedoms in choosing their jobs. These two aspects should be organically integrated. Selective recruitment of the best and choosing one's job will inevitably give rise to a flow of manpower. All positive and negative experiences at home and abroad have proved that a rational flow of manpower is conducive to the development of the productive forces and the progress of society. Our country, a socialist country, should organize a rational flow of manpower in a planned way. However, we should not stop a rational flow of manpower which resulted from people looking for jobs of their own will. While actively supporting and organizing a rational flow of manpower, we must strive to avoid an irrational flow of manpower which is harmful to the development of the productive forces and social stability.

//Third, integrating labor employment with vocational training.//

At present, the phenomenon of people with nothing to do (people looking for jobs) and work being handled by nobody (vacant jobs) is quite common in our country. One of the causes leading to this phenomenon is that labor employment is not in keeping with vocational training. Some young people waiting for a job have put down "full of vitality" on the registration form in the column asking about "personal skills," on the registration form. From this we can see the seriousness of the problem. At present, the rate of updating knowledge and technology daily grows more rapidly and changes and replacement of old jobs by new ones are numerous and frequent. Under these new circumstances, we must closely integrate labor employment with vocational training (including training before and after employment) in order to increase labor employment and economic results. The reserve labor system is perhaps an effective form for integrating employment with training.

//Fourth, integrating labor employment with social insurance.//

The fundamental goal of socialist economic construction is to make all people become well-off. However, the egalitarian distribution system of "eating out of the same pot" will not bring about common prosperity but instead will lead to poverty. In order to gradually attain the goal of common prosperity, the only feasible way is: On the one hand, to adhere to the principle of more pay for more work, thus encouraging the advanced and bringing along the backward among the employed personnel; and on the other hand, to institute the system of social insurance among people waiting for a job who have formally registered and are taken care of by labor service companies, providing them with allowances as living expenses according to the government's financial capability so that they will have all the daily necessities taking into consideration both of these aspects will enable us to appropriately handle the relationship between economic efficiency and social stability.

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TRANSPORTATION

CHEN PURU STRESSES RAIL SAFETY, LABOR DISCIPLINE

OW091327 Beijing Domestic Service in Mandarin 2230 GMT 7 Apr 83

[Text] The ministry of railways held an urgent telephone conference on transport safety on the morning of 6 April. The conference called for resolutely overcoming bureaucracy, making great efforts to enforce labor discipline and striving for a fundamental change for the better in rail transport safety. It called on the leading cadres at all levels and the railway workers to firmly foster the "safety first" notion.

Chen Puru, minister of railways, said at the conference: February 1983 was a month with the lowest number of accidents in 17 years. However, railway accidents have somewhat increased since the middle of March. The accidents not only cause great losses to state property and to the people's lives, they also create very bad political impressions.

He urged the party, government, trade union and CYL organizations at all levels to institute and improve strict system of responsibility for transport safety while strengthening their political and ideological work.

He said: Those who cause accidents should be dealt with sternly and be held responsible for all economic losses. Those who practice fraud, conceal accidents, evade responsibility and argue back and forth should be punished according to their offenses.

Chen Puru called on all railway bureaus to begin all necessary preparations for the safety month campaign to be launched in May in order to achieve a fundamental change for the better in transport safety this year.

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